West Comments

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LONDON, TUESDAY, SEPTEMBER 28, 1993

For Palestinian Collaborators, a Time of Panic

By David Hoffman

FAHME, Israeli-Occupied West Bank - Just about every village in the West Bank unfurled Palestinian flags to celebrate the accord between Israel and the Palestine Liberation Organi-

But the flags did not flutter over the concrete block houses in

Instead, panic set in. The people of this village are admitted collaborators, Palestinians who have provided information about fellow Palestinians to Israel's secret services and army. Driven out of their homes and villages, often by violent Palestinian gangs waging a war against suspected informers, the residents of Fahme live in a protected camp, guarded by Israeli troops. They are armed with Israeli weapons in their homes and whenever they leave the village.

The prospect that outside their gates in a few months will be an independent Palestinian government, with thousands of its own policemen and its own jails and justice system, brought fear rather than cheer to Fahme.

It is a nightmare for many of the admitted informers. There is no return to their old villages in the West Bank. They all were accused of, or admitted to, being collaborators with the desperately want to be taken back into Israel, but there are no Israelis. guarantees, and no one knows what will happen now.

"We are like a cat in a cage," said Ahmed Hamarshe, the village leader, sitting by a telephone that rang constantly with calls from either the Israeli security services or other collaborators. "If there is a small opening in the cage, the cat will still try to get out. We will all try to get out from any window."

When the agreement between Israel and the Palestinians was published, the collaborators discovered that it provides for a "strong" Palestinian police force to take care of "internal curity." But nothing was said about their fate.

Would they be left to defend themselves? Would they be put on trial by the Palestinians? Could they find protection in "Yes, there is panic," Mr. Hamarshe said. "Not only here, but all over the West Bank. Hundreds are calling."

The village, a former Jordanian military base in the hills near Jenin, is sanctuary to 1,042 residents, many of them family

Most Palestinians avoid the village, where Israeli Army trucks roll in and out. The village budget comes from Israel. Fahme workers get special help in finding jobs, often in such institutions as hospitals run by the Israeli military.

"We belong to Israel, not to Arafat," insisted Mr. Hamarshe, whose office includes a portrait of President Ezer Weizman. The portrait of the PLO chairman, Yasser Arafat, displayed

everywhere else in the West Bank, is not to be found here. The fate of the collaborators is just one aspect of a sensitive and complex security problem that will quickly pose tests for both Israel and the Palestinians as they prepare to implement the agreement on self-rule in the months ahead.

The agreement provides that both sides will take care of their own security. The Palestinians are supposed to bring a new police force into the territories, numbering up to 20,000, including former fighters from the Palestine Liberation Army See PANIC, Page 4



Durther Endlicher: The Associated Press A supporter of the hard-liners venting his anger on government forces outside the parliament building in Moscow on Monday. The mood in the building was increasingly despondent.

Yeltsin Bars Compromise, Warning of 'Power Vacuum'

Compiled by Our Stuff From Dispatches MOSCOW - President Boris N. Yeltsin ruled out a compromise Monday with hard-line opponents, saying he would not accept calls for simultaneous parliamentary and presidential elections to end Russia's political crisis.

Speaking on national television, Mr. Yeltsin insisted on sticking to his plan for parliamentary elections in December, with presidential elections six months later. Some of his opponents and some moderates had suggested simultaneous elections to end the crisis.

with such bodies," he said. "Dual power is very dangerous today," Mr.

"I will not make this compromise, and not

Yeltsin added. "A power vacuum is even more dangerous, when both powers are engaged in elections and have no time to work." Numerous politicians have come out in favor of simultaneous elections, a solution also

With the collapse of parliament, Russia's re-

formers are seizing the moment. Page 4. sought by the parliament, which Mr. Yeltsin ordered disbanded a week ago. Some politi-

cians said Mr. Yeltsin could not be trusted to allow free and fair balloting if he were still in charge.

Mr. Yeltsin reiterated his program: "A new

federal assembly is elected, the federal assembly starts work, it passes a law for presidential elections, and then, on June 12, presidential elections are held."

His spokesman, Viatcheslav Kostikov, said that Mr. Yeltsin also had rejected a proposal from 60 of Russia's republics to annul all de-crees issued since he dissolved parliament and called elections.

Regional leaders, meeting Sunday in Saint Petersburg, urged the cancellation of all decrees issued since 8 P.M. on Sept. 21 either by Mr. Yeltsin, by the parliament or by Alexander V. Rutskoi, the former vice president who was

named head of state by the Congress of People's Deputies,

The regional leaders also proposed that new legislative and presidential elections be held at the same time, before the end of the year. A deputy prime minister, Sergei M. Shakhrai,

said Sunday in Saint Petersburg that he supported the idea of simultaneous elections, and other Yeltsin aides suggested that negotiations on a compromise with regional leaders were

Demoralized hard-line lawmakers who have refused to give up the parliament building ap-

See RUSSIA, Page 4

Clinton, at UN, Urges **New Nuclear Treaty**

Japan Leader He Wants Ban Makes Case for On Material Bigger Council

WASHINGTON - In his first official step onto the international stage, Prime Minister Morihiro Hosokawa urged the United Nations on Monday to expand the Security Council to include other nations such as Japan and affirmed his support for an indefinite extension of the global treaty curbing nuclear weapons.

Mr. Hosokawa also announced Tokyo's intention to provide \$200 million over the next two years to help underwrite economic development in Palestinian areas of the Gaza Strip and West Bank that Israel has promised to

Because of the increasing role of the United Nations in settling conflicts, the body must undertake "serious reform efforts," the newly elected prime minister said in a speech to the UN General Assembly in New York. The growing number of regional conflicts, he said, de-mands that the Security Council be strength-

Mr. Hosokawa did not name Japan or any other nation as he made his pitch for an expanded council. But his government's desire for a permanent seat is well known. The five permanent members, all with veto authority, are the United States, Britain, China, Russia and

"It is important that those countries having both the will and the adequate capacity to contribute to world prosperity and stability be actively engaged," Mr. Hosokawa said. "Japan intends to participate constructively in the discussions on Security Council reform."

He noted that Japan had contributed personnel to UN peacekeeping operations in Cambo-dia, Angola and Mozamhique.

The prime minister met privately in New York with President Bill Clinton after his UN

The United States has expressed support for expanding the council to include Germany and Japan but has indicated that it will not apply pressure to meet the goal. Some other council members, whose power would be diluted, op-pose an expansion. And some nations wonder if an expansion can be accomplished without including such countries as India and Brazil.

Mr. Hosokawa is keenly aware of these barriers. In an interview broadcast Monday in the United States, the prime minister indicated that Tokyo would not lobby vigorously for a council

things take their course," he said. "I don't think Japan should go out of its way to carry out some campaign.

As he had done soon after taking office this summer, Mr. Hosokawa told the General Assembly that his country "continues to feel a sense of remorse over its past actions" in World

The prime minister put to rest reports that Tokyo was rethinking its policy on nuclear weapons when be affirmed his support for an indefinite extension of the Nuclear Nonprolif-

cration Treaty beyond 1995. But he cautioned that such an extension "should not mean to perpetuate the possession of nuclear weapons" by nations that now have them. Mr. Hosokawa renewed Japan's Financial

commitment to global development, saying To-kyo intended to provide \$70 to \$75 billion in foreign aid over the next five years. And be said Japan was willing to assume "a leading role" in solving global environmental problems.

— PAUL F. HORVITZ

For Weapons

By Paul F. Horvitz

International Heruld Tribune
WASHINGTON — President Bill Cliaton on Monday proposed an international treaty that would ban the production of plutonium and enriched uranium for use in nuclear weap-

It was unclear, however, whether such a ban on fissile materials would have any impact on nations that are believed to be producing such nuclear fuels but who deny it or hide it from international inspection. Some experts are du-

A senior aide to the president said later that the United States would attempt to purchase excess enriched uranium not only from Russia but also from other unspecified countries. The aide acknowledged, bowever, that controlling

plutonium was "much harder."
Mr. Clinton offered the proposal during his first speech to the United Nations General Assembly in New York, an address in which be also cautioned the United Nations against overextending itself in its peacekeeping respon-

"The United Nations simply cannot become engaged in every one of the world's conflicts," the president said. "If the American people are to say 'yes' to UN peacekeeping, the United Nations must know when to say 'no.'

In addition, the president vowed to bring international terrorists to justice, urged the creation of a UN High Commission for Human Rights and promised that Washington would

work to enlarge the number of democracies without imposing its political will.

Mr. Clinton said he was making nuclear nonproliferation "one of our nation's highest priorities," and he outlined a series of steps aimed at controlling the spread of nuclear, chemical and biological weapons and the means to deliver them.

Hinting at an enforcement tool, he suggested that high-technology trade with the United States may be dependent on adherence to international nuclear controls. He said the United States intended to weave its nonproliferation strategy "more deeply into the fabric of all our relationships with the world's nations and insti-

Among the key facets of the strategy, Mr. Clinlon urged anew that all nations temporarily ban the testing of nuclear weapons during negotiations on a permanent ban and that all countries ratify a treaty controlling missile technology that 23 have so far signed

The test-ban comment was clearly aimed at China, which U.S. officials believe is preparing to conduct an underground nuclear weapons

Mr. Clinton noted the growing global stock-pile of plutonium and highly enriched uranium and announced that the United States would

press for a permanent ban on their production for weapons.

Experts say, however, that there are thousands of tons of such material held not only by nations that are known to possess nuclear weapons but also by nations that have not acknowledged their entry into the atomic club. In addition, such nations as Britain, France,

Japan, India and Israel reprocess nuclear fuels used in electricity generation and can, through reprocessing, produce hy-products needed for nuclear weapons as well as for power plants.
"This is a policy that's carefully calculated

not to have an impact on anybody," said Gary Milhollin, director of the University of Wiscon-

See CLINTON, Page 4

Shevardnadze In Hiding After Fleeing Siege

By Lee Hockstader Washington Post Service

MOSCOW - Eduard A. Shevardnadze, the Georgian leader, fled the Black Sea port of Sukhumi on Monday just ahead of triumphant Abkhazian rebels, who seized the city and routed its Georgian defenders after a ferocious 11-

day seige.

The former Soviet foreign minister, who had warned in dire terms that the fall of Sukhumi would lead in short order to the dismemberment of his native Georgia, was believed to be m hiding with his security detail in the village of Gulripshi, about 10 kilometers down the coast-

Mr. Shevardnadze, 65, issued a bitter statement blaming Russia for inspiring the war in Abkhazia and failing to come to the rescue at the decisive last moment. "Imperialist forces staged the conflict in Ab-

khazia," he said. "Sukhumi could have been saved even yesterday. Only Russia could have done it and we asked Russia to do it." Diplomats and journalists who have had contact with the Abkhazian rebels say that they are aided by Russian officers, pilots and troops.

15-month conflict, but acknowledges that some Russian volunteers may have fought. Western diplomats in the region have expressed deepening concern about the extent of Russia's role in the Ahkhazian war. Some diplomats say that Russian hard-liners who rue the collapse of the Soviet Union are using the

signed July 27 by representatives of the Georgian government and the Abkhazian rebels. Under the terms of the accord, the government



Kiosk Muslims Revolt in a Bosnian Enclave

ZAGREB, Croatia (Reuters) - Muslims declared an autonomous province on Mon-day in the Bihac enclave of Bosnia-Herzegovina in a revolt against Bosnia's Muslim president, Alija Izetbegovic, Croatian television

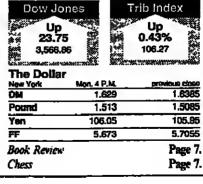
Bihac, s mostly Muslim enclave in north-**General News**

The Indonesian authorities are showing new signs of openness toward dissidents. Page 5. **Business/Finance**

OPEC is trying to impose a freeze on oil JAL is reorganizing its international flight

Special Report Global Banking Business firms are finding new ways to raise

money. Pages 11-16. western Bosnia, bordering Croatia, has been cut off from the Sarajevo-based central government by rebel Bosnian Serbian forces since the start of the war 18 months ago. In Sarajevo, meanwhile, an assembly of Muslim leaders considered the latest peace plan put forward in Geneva. (Page 2)



How China Deals With Financial Fraud: 8 Executions

Compiled by Our Stuff From Dispatches

RELIING — China executed eight young financial workers Monday in what officials called the biggest cases of public embezzlement since the 1949 Communist revolution, state media reported.

China's highest court announced the death sentences Monday at a news conference, and the national television newscast said the sentences were carried out immediately. China also announced the arrest of a Chinese

reporter from a Hong Kong newspaper on charges of "espionage regarding state secrets on High publicity surrounding the executions and the apparently intrelated arrest of the jour-nalist indicated that they were part of top-level campaigns to bring order to the chaotic and

primitive financial sector and to crack down on The ruling party has launched similar campaigns in the past, but all have failed to root out official graft. President Jiang Zemin, who also heads the

Communist Party, recently targeted corruption as a "virus" that if not checked could destroy Chinese communism.

The People's Supreme Court rejected appeals from the financial workers - mostly accountants in their 20s and 30s and including one woman - and ordered them executed because of the severity of their crimes and their attempts to flee prosecution. "These people lusted for profits, were very bold and ran wild," the vice president of the court, Liu Jiachen, was quoted by state radio as

"They took advantage of the poor manage ment of their banks," he said. The largest case involved theft of 33 million yuan (\$5.7 million) by five defendants in south-

"This series of cases amounts to the biggest financial fraud since the founding of the new China," Mr. Liu said.

State television showed the handcuffed defendants bowing their heads before panels of uniformed judges in four Chinese cities as armed police restrained them from behind. Feng Yang, guilty of embezzling funds from

state-owned Huzhou Investment Trust Co. in

Zhejiang Province, wept and begged in vain for clemency as her death sentence was read. In Beijing, Luo Yuhai spent nearly half the \$1.2 million in U.S. currency he embezzled from the Bank of China headquarters, the re-

Three suspects were arrested with "huge sums of money" at China's borders as they tried to flee, reports said. Condemned criminals typically are put to death shortly after sentencing with a bullet fired into the back of the head.

In another case, the central People's Bank of China disciplined a banker at its Hebei Province branch (or his illegal use of bank credits to speculate in real estate. Xinhua said.

Xn Guofeng was demoted — but not prosecuted - for using 100 million yuan in central bank credits to buy land in south China, Xin-

Mr. Xu's relatively light treatment may have stemmed from the finding that he intended to use his real estate profits to finance offices and apartments for the bank and its workers.

The Xinhua press agency said that an unspecified number of alleged conspirators were arrested in the case involving the reporter, Xi Yang of the daily Ming Pao. A Ming Pao editor in Hong Kong called for Mr. Xi's release.

"We are in the process of trying to find out makes the transport of the daily when the transport of the case of

exactly what has happened. We haven't been able to talk to him," the editor said,

North Korea Pulls Out of Nuclear Talks

Compiled by Our Stuff From Dispatches VIENNA — North Korea has canceled talks about nuclear inspections and appears to be toughening its stand against checks on suspect atomic sites, the International Atomic Energy Agency said Monday.

The energy agency chief, Hans Blix, said

North Korea was expected to submit to full inspections under an atomic safeguards agreement it signed to ensure that nuclear material had not been diverted for weapons develop-But at the opening session of the annual energy agency conference in Vienna, Mr. Blix

said that North Korea's willingness to comply with safeguards appeared "to have diminished rather than grown. He said that the agency's analysis of samples obtained from North Korea suggested that "some nuclear material exists that is not report-

ed." He called this "an important problem," Mr. Blix said this did not mean that material was being used for military purposes, but he added: "If effective inspection of declared nuclear material and installations cannot be performed, no further assurance can be given

about their exclusively peaceful use." Energy agency experts have demanded access to the nuclear complex at Yonghyon, 60 kilometers (100 miles) north of Pyongyang. where it is believed that nuclear waste is being

North Korea insists that Yongbyon is a conventional military site and that the International Atomie Energy Agency has no right to in-

spect it. Agency sources said the North Korea issue was of fundamental importance to the Nuclear Nonproliferation Trea.v. which comes up for renewal in 1995 and was expected to dominate the weeklong conference attended by 114 mem-

At the opening of the conference, the North Korean atomic energy minister. Choe Hak See KOREA, Page 4

then began moving some of its heaviest weapons out of Sukhumi. When the Abkhazians

Russia has maintained official neutrality in the

Abkhazians as a proxy, with the goal being to punish Georgia and Mr. Shevardnadze for taking too independent a stance toward Moscow. Russia was the broker of a cease-fire pact

See GEORGIA, Page 4

A Muslim Assembly Weighs Bosnia Pact

President Describes Choice: 'Just War' or 'Unjust Peace'

By John Pomfret

Washington Post Service SARAJEVO, Bosnia-Herzegovina — President Alija Izetbegovie told an influential group of Muslim leaders, who were meeting Monday to vote on the Geneva peace plan, that they must choose between "a just war and an unjust peace" as they decide the future of Bosma. "If you ask me personally," Mr. Izetbegovic said, "I'm undecided."

His lukewarm comments illustrated the difficulty the plan would have Tuesday when the Muslim-led government was to consider whether to support it. The plan would lim and Serbian ministates.

Some Western observers are suggesting that the Bosnian government will reject the plan. If it does approve it, they predicted, the mostly Muslim government will most probably attach reservations requiring further negotiations.

Mr. Izetbegovic made his com-ments to 352 leading Muslims from Bosnia who were meeting a day before Bosnia's National Assembly was scheduled to vote on the plan. In representing itself as the "true

voice" of the Bosnian people and holding a "minireferendum" on the Geneva plan, the assembly on Monday posed a direct challenge to the authority of the multicultural National Assembly, which is be-lieved to be relatively supportive of

canton of Ticino.

91 kilometers (56 miles).

oorth-south traffic flow.

By Steve Coll

Washington Post Service
PALERMO, Italy - Italy's season of turnult, which has so far

enmeshed politicians, husiness-

men, the judiciary and the security

services, has arrived at the doorstep of the country's oldest functioning

institution, the Roman Catholie

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Excellent Restaura

By Robert L. Kroon

ial to the Herald Tribune

POLMENGO, Switzerland - President Adolf Ogi

pushed the plunger, and the thunder of dynamite rolled

through a narrow mountain gorge in the Italian-speaking

The detonation last week triggered history's most ambi-

tious onslaught on the Gotthard massif, a 3,350-meter

(11,000-foot) traffic obstacle athwart the main road and

rail arteries linking northwestern Europe with Italy. As soon as the smoke had lifted, Swiss drilling crews began

work on Project NEAT, for New Alpine Tunnels, a 12-

year, \$10 billion enterprise providing for two new tunnel systems through the Alps with an eventual total length of

At the village of Polmengo, six kilometers of horizontal and vertical shafts will be drilled into the brittle rock to

determine the trajectory of a new dual-tube rail tunnel. Linking Amsteg in the Swiss-German canton of Uri with Biasca in Ticino, a distance of 57 kilometers, the virtually curveless tunnel will be the longest in the world.

Dubbed the Gotthard Basic Tonnel, it will partly run

parallel to the old 15-kilometer Gotthard rail tunnel

which wends its way through the mountain like a spiral

staircase. That single-tube passage was built in 1882 and has become a notorious bottleneck in the ever-increasing

Foreseeing an overload of the Gotthard route in the

next century, even with the new Basic Tunnel, NEAT

planners have projected an additional underground rail

term for Bosnian Muslims, marked the first time that only Muslims had gathered publicly to decide the Inture of their corner of Bosnia.

Previously, the leaders of the government in Sarajevo had said they were committed to allowing Serbian and Croatian members of the government and parliament a chance for a meaningful vote for or against peace. However, it was clear that the assembly's decision, expected on Tuesday, would overshadow the parliament's vote.

Led by Mr. Izetbegovic, the participants in the assembly included the minister of the interior, the commander of Muslim forces and the vice president, as well as important regional leaders, clerics and

Some participants announced gleefully that the meeting signaled the first step toward the creation of a Muslim state in Europe. In a speech. Alija Isakovic, an influential writer, waxed nostalgie about the Ottoman Empire and Turkish rule in Bosnia.

Others, however, professed conthe heart of Bosnia.

Mr. Isakovic said he supported the plan as the only way to face the "dreadful reality" in Bosnia. Vice President Ejup Ganic, however, said he was leaning toward oppos-

There is plenty of room for fur-

The immediate reason is the as-

sassination this mouth of a Mafia-

fighting priest, the Reverend Giu-seppe Puglisi, in an impoverished district of Palermo. As he arrived

home on his 56th birthday, Father

Puglisi was accosted by gunmen and shot in the back of the head.

His murder has focused atten-

tion on a larger issue. As Italy con-

tinues to imprison Mafia leaders to

a degree unprecedented since World War II, many question what role the Catholic Church is pre-

pared to play in a stepped-up anti-Malia campaign. For decades, the church was seen as generally pas-sive in its relationship with the

Only once before has the Sicilian

Mafia ever killed a priest, Palermo prosecutors say, and in that case

magistrates determined that the

victim was actually a member of the mob. Father Pughisi's case is

different. He was part of a small but growing number of Sicilian



BELFAST BLAST — A shopper passing the Gloucester Street area where a car bomb exploded Monday, causing much damage but no injuries. Men claiming to represent the Irish Republican Army had stolen the car after holding a man and woman hostage.

tinued support for the establishment of a multicultural society in the heart of Bosnia. Kohl Expands Fight Against Extremism the heart of Bosnia.

basis of reciprocity." Fearing reprisals for its own road haulers, and especially Swissair, which hopes to benefit from the EC's current deregulation efforts, Bern reluctant-

ly opened its autobahns to a daily contingent of 100 European heavy trucks "carrying perishable goods."

But Switzerland, whose foreign residents already make

up 16.8 percent of its total population, refused to change

its restrictive immigration laws. Swiss fear of a flood of

European job seekers was the main reason why the elec-

"The Swiss decided to stay outside Enrope, and we respect that decision," the EC commissioner for external

relations, Hans van den Broek, said recently. "But in the

ingle market the Swiss cannot have their cake and eat it."

On Monday the EC Commission discussed bilateral

relations with Switzerland and recommendations for a

policy meeting of Community ministers of transportation

Mr. Ogi said he hoped his European colleagues would

"stick to the clear-cut understanding reached in Decem-

ber," which forms the main underpinning of his tunnel

Mr. Ogi insists that his country's topography and envi-

ronment rule out "an avalanche of smoke-belching 40-

tonners in our narrow valleys." He considers the rail

tunnels a generous Swiss contribution to the single mar-

"If the EC gives us a cold shoulder," he observed with a

hint of anger, "I don't think our people will be willing to

ket's infrastructure.

The EC also attached a rider requiring Switzerland to put up the \$10 billion for those tunnels. In that case I will

Signs of the church's predica-ment are readily visible. At the Pa-clude that the huilding itself might

lermo courthouse, where body- be subject to attack. Therefore, I've

trates, heads turn as a priest in his outbursts from urban pulpits, ru-

cassock is ushered through metal ral-rooted Catholic parishes were

For decades, aside from a few outbursts

from urban pulpits, rural-rooted Catholic

torate last year rejected association with the EC.

BONN -- Chancellor Helmut Kohl on Monday told a forum of politicians, church leaders and rep-

Swiss Connection: 2 Giant Tunnels Through Alps

spring, work will begin on a new Lötschberg tunnel, on the Basel-Simplon axis, which will be 34 kilometers long.

Mr. Ogi described the two new Alpine passages as the "project of the century" and said the wholly Swiss-financed undertaking was "proof of our commitment to Europe, even though we are not members of the European

The NEAT project is the result of a compromise agree-

ment reached with the EC last year after the Swiss refused transit rights for trucks of more than 28 tons via the

Gotthard autobahn and its single-tube, 15-kilometer road

tunnel, Instead, Bern suggested piggy-backing heavy truck-trailer combinations and containers on flatbed rail-

cars for Alpine transit.
"It's the best solution for the environment and the drivers' safety," Mr. Ogi said. "Already, 85 percent of the annual 15 million tons of goods transiting the Alps goes by

rail. Improvements in the existing tunnels will increase

transit capacity to 30 million tons next year. When NEAT

is completed, after the turn of the century, we can handle

Unfortunately for Mr. Ogi, who doubles as transporta-

tion minister. Brussels does not seem impressed.

Since the Swiss electorate voted against association with
the Community last December, the EC has been less than
accommodating to Europe's odd man out. Recently, the

EC Commission, egged on by powerful German and Dutch trucking lobbies, hit the Swiss with renewed road-

access and transit demands for trailer combinations of up

link farther west, through the Bernese Oberland. Next adopt Community rules for free movement of labor "on a go to Brussels and present them with a NEAT bill."

Catholic Church Seeks Footing in Anti-Mafia Fray

guards and witnesses loiter outside

Mafia pool of prosecuting magis-

Church across from Sicily's central

jail, an armed federal policeman

wanders with a watchful eye among

"I refused bodyguards because

the sanctuary's burning candles.

the Bible is my bodyguard," said

the parish priest, the Reverend

Paolo Turturro, one of the anti-

the offices of Sicily's besieged anti-

70 million tons a year."

ty and the Turkish ambassador to

Trade union leaders, the head of the increase and that we have to Germany's small Jewish communi- make a great joint effort to get to the roots of this evil," Mr. Kohl Bonn met with government minis- told the 50-member forum. The resentatives of groups hit in neo-ters and police officials for a four-chancellor warned against search-hour exchange of views on violence ing for a single cause for the neo-The meeting, called the Assemther negotiations with the Croats tackle the country's wave of vioat Mr. Kohl's chancellery.

Nazi violence, which has claimed at he of the century and the Serbs," Mr. Ganic said.

Nazi violence, which has claimed at lence at its roots.

"We all agree that violence is on least 28 lives in the last two years.

Germany's Turkish community. which numbers 1.8 million, has been a main target of the attacks, with eight Turks killed in fire-bombings since November. Mr. Kohl said it was essential to

create an "environment in which violence, hatred of foreigners and political extremism were treated with the contempt they deserved."
He hinted at tougher laws to combat violence. "First of all, we should apply the current law to its full extent." he said. "If all else fails, then lawmakers have to be

willing to strengthen the law." ■ Opposition to Heitmann Most Germans oppose having Steffen Heitmann, a Kohl protégé, as their oext president, according to a poll released Monday, Reuters

reported from Bonn. The Wickert Institute said that 74 percent of the Germans responding to the poll rejected Mr. Heitmann as a replacement for President Richard von Weizsäcker,

who is retiring in May.

But 77 percent said they agreed with Mr. Heitmann's views that European union must oot be imposed from above, and 76 percent shared his concern about Germany becoming crowded with foreigners.

Memorial to Jews Will Be First in **East Germany**

The Associated Press WEIMAR, Germany - Work began Monday on the first Jewish memorial in East Germany, a collection of concrete walls and rocks recalling the nearby quarry where Buchenwald concentration camp

inmates slaved. Some 56,000 people died at the camp in this Thuringian city, 210 kilometers (125 miles) south of Berlin, including more than 10,000 Jews and 8,000 Soviet military pris-In Palermo, street-fighting par-ish priests in hlighted urban areas have lately sought to deprive the oners. In all, the Nazis held 238,000 Maria of recruits. They run urban people of many nationalities at Buchenwald between 1937 and 1945, fia banners and hold an annual festival in which they trade soccer

using them mostly for slave labor. The memorial coordinater, Irmgard Scidel, said Monday that the monument was being built on the site of a former barracks known as Block 22, which had primarily housed Jews.

Rough-hewn rocks covering 50 meters (165 feet) by 8 meters will be embedded in what had been the barracks foundation, she said. Beside the field of rock will be two low half moon-shaped walls, one implanted with olive wood, the second bearing a hiblical inscription.

She said work on the memorial was expected to be completed for dedication on Nov. 10.

Berlin Starts Campaign To Woo the Parliament

BERLIN — City leaders, anxious about a delay in moving the German capital from Bonn, began a drive Monday to persuade the nation's parliament to be here

within five years.
The move was promised in 1991 after German reunification, but no date was set. Mayor Eberhard Diepgen and leading industrialists unveiled the lobbying campaign.

WORLD BRIEFS

Somali Gunmen Attack UN Officials

MOGADISHU, Somalia (Reuters) — Somali gunmen fired grenades Monday at the office of the UN envoy to Somalia and attacked UN officials reopening the first law court to operate in Mogadishu since the outbreak of civil war in 1991.

The UN envoy, retired U.S. Navy Admiral Jonathan Howe, escaped unburt when three grenades were fired at his office in the heavily guarded UN compound, UN sources said.

Grammen also attacked UN indicial officials and Malaysian towards.

Gunnen also attacked UN judicial officials and Malaysian troops when they ceremonially reopened Mogadishu's main court for the first when drey ceremoniany reopened reogadishus a main court for the first time in more than two years. A UN spokesman said that a 90-minute gun battle ensued, and that gunmen fired rocket-propelled grenades as well as automatic weapons to disrupt the ceremonty.

U.S. Specialists to Help Rebuild Haiti

WASHINGTON (AP) — The United States will send 600 military construction and civil affairs specialists to Haiti beginning this week at part of a United Nations plan to testore democracy, administration officials said Monday. France, Canada, Venezuela and other Latin

American nations are also expected to contribute to the mission.

The UN effort is not designed to be a traditional peacekeeping mission.

Instead, the forces are to professionalize the police and the army and monitor police actions for human rights violations. In addition, the U.S. engineers and construction experts are to help build roads, bridges, hospitals, schools and housing. President Jean-Bertrand Aristide is to return from exile next month. He was deposed in September 1991.

UN Begins Inspection Visit to Iraq

MANAMA, Bahrain (AP) — The United Nations was begiooing its largest inspection of Iraqi weapons sites on Monday in a step that could lead to the eventual lifting of the world trade embargo.

The UN team leader, Nikita Smidovich, said before the flight to Baghdad that he would be inspecting "a number of declared and undeclared sites in Iraq," with the results to be compiled "so that the Security Council can make a decision."

The UN Security Council imposed an embargo on Iraq after its Ana 2

The UN Security Council imposed an embargo on Iraq after its Aug. 2, 1990, invasion of Kuwait. The United Nations has said that the trade blockade will not be lifted until Iraq is in compliance with UN cease-fire resolutions that ended the 1991 Gulf War.

Lockerbie Suspects Make New Offer

TUNIS (Reuters) — The Libyan lawyer for the two men accused of hlowing up a Pan Am airliner in December 1988 said Monday that they might agree to stand trial in Britain or the United States. The lawyer, Ibrahim Legwell, said that further negotiations would be needed, however, to ensure that the stall provide her fair. er, to ensure that the trial would be fair.

er, to ensure that the trial would be fair.

Mr. Legwell said by telephone that he had found positive signs in U.S. and British assurances that he received Sunday in a letter to the Libyan government from the United Nations secretary-general, Butros Butros Ghali. He had said earlier that the two Libyans, Basset Ali Megrahi and Lamen Khalifa Fhimah, were willing to stand trial in Switzerland.

Britain, France and the United States are preparing new forms of UN

sanctions against Libya if it does not hand them over by Oct. 1. The United States and Britain have accused them of planting the bomb that blew up Pan Am Flight 103 over Lockerbie, Scotland, killing 270 people.

Pakistan Says Indian Troops Killed 8

ISLAMABAD, Pakistan (Reuters) - lodino troops fighting a separatist revolt in Kashmir have fired into the Pakistan-ruled part of the Himalayan region, killing at least eight people in two weeks, official Pakistani sources said Monday.

They said 18 other people, including women and children, had been wounded by what they called indiscriminate firing on civilians in villages along a UN-monitored cease-fire line. About 200 people, including 115 women and children, fled recently from India's only Muslim-majority region to Pakistan-controlled Kashmir, the sources said.

TRAVEL UPDATE

Drive-By Gunshot Kills Miami Visitor

MIAMI (AP) - A New York City man visiting his family here was killed in what the police called an apparently random, drive-by shooting. It was the third slaying of a traveler on Florida's highways in a month and another blow for the state's tourist industry.

The victim, 40, was going to dinner with two relatives when another car pulled up beside theirs Sunday night on a highway north of downtown Miami. The driver of the vehicle, apparently alone in his car, rolled down the window and fired a gunshot, striking the victim in the head.

There was no indication of any traffic dispute or interaction between the two vehicles before the shooting, the police said, and the gunma described as being in his early 30s, sped off afterward. The name of the victim was not immediately released

Tokyo's Haneda Airport opened a new terminal on Monday that includes an extensive shopping and restaurant area and 36 so-called boarding bridges that will eliminate the need for passengers to take buses to planes. Haneda serves domestic and shorter international routes. (AP)

Air France ground staff responsible for plane maintenance and flight plans called limited strikes for Tuesday at Paris's Orly and Roissy-Charles de Gaulle airports. Management said the strikes, limited to three hours 40 minutes at the end of shifts, were not expected to cause delays or cancellations. Unions are protesting plans to cut 3,000 ground staff and 1,000 flight personnel in an attempt to cut the airline's losses. [AFP] British Airways on Monday banned smoking on European flights of 90 ninutes or less.

Floods that killed six people in northern Italy abated Monday following four days of rain, leaving bridges collapsed and roads blocked. The Civil Defense Ministry said a state of emergency remained in effect in the Piedmont, Liguria, Lombardy and Aosta regions. The main highway and the railway line between Aosta and Turin remained closed.

Marine Planes Grounded 2 Days for Safety Check

WASHINGTON — The U.S. Marine Corps on Monday grounded almost all its warplanes and helicopters for 48 hours following a rash of accidents that killed 13 men, Marine F-18 attack jets based in

nath of accadents that kined 15 men, Marine r-16 attack jets oased in northern Italy that are helping police a United Nations air exclusion zone over Bosnia were not affected.

The Marine commandant, General Carl E. Mundy Jr., ordered the unusual suspension of operations and training flights to examine safety procedures, and he told the chiefs of Marine air commands to

report to him on the results by Thursday.

His order followed the crash Wednesday of a British-designed AV-8B Harrier fighter at Camp Lejeune, North Carolina, which injured the pilot. Another of the Harrier jets, which can take off and

land vertically and hover like a helicopter, crashed Aug. 10 near Cherry Point, North Carolina, killing the pilot.

Four crashes of Marine helicopters during training in California since Aug. 17, two of them midair collisions, have killed 10 Marines, an army pilot and a civilian.

priests who are crusading openly against organized crime. His mur-der has stunned Sicily's largely con-servative and religious public. TO OUR READERS IN FRANCE

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detectors and bulletproof doors on part and parcel of a Sicilian society his way to an interrogation room. in which the Malia controlled both Blocks away, in the Santa Lucia public finance and public com-

accepted in the last few days

For decades, aside from a few

round-the-clock protection."

the Masia, with some exceptions, "has never been one of strong or intense opposition," said a longtime Palermo organized crime prosecutor, Leonardo Guarnotta.

the word pejoratively in public.

parishes were part and parcel of a Sicilian society in which the Mafia controlled both public finance and public comment.

The church's relationship with

But this relationship is changing.
Last summer, Pope John Paul II
traveled to Sicily for the first time
and thundered against organized
crime. Last week, after Father

Puglisi's killing, a Sicilian cardinal used the word "Mafia" in a defiant speech. Father Turturro and others said it was the first time any Catho-lic official in Sicily had dared to use cenzo Parisi, chief of Italy's nation-

and similar, secular anti-Malia campaigns swelling on Palermo's streets. Among other actions, Fa-ther Puglisi had the recent temerity, colleagues and prosecutors say, to award a church renovation con-

sports camps, march with anti-Ma-

balls for toy and actual pistols.

Father Puglisi's murder is inter-

preted here as a sign that the Sicil-

ian mob is feeling the pinch of this

tract to a non-Malia construction company. Some saw this act of defiance as the final straw in the priest's anti-Malia campaign.
But his death is also regarded as a further signal that the Sicilian Malia's leadership, of which an unusually large proportion is now in jail, is increasingly desperate to find ways to intimidate ltaly's pub-

lic and government in a period of profound political change. Policemen and prosecutors say they doubt that a more rational, controlled Mafia leadership of even just several years ago would have committed such an obviously unpopular act.
More than a sign of weakness.

it's a sign that there is no central command and that low-level bosses

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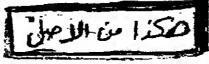
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STATESIDE / PREMIUM PRESSURE

Health Plan Holds a Consumer Safety Net

By Dana Priest mgton Post Service

WASHINGTON — As part of his health care reform proposal. President Bill Clinton wants Congress to prohibit insurance companies from dropping sick subscribers or selectively raising their premi-ums during the three years before his plan would be fully put into

Mr. Clinton also wants Congress to set up a government-sponsored insurance plan for consumers who Leannot buy private coverage during the transition period.

Aide Retires in Waco Aftermath

WASHINGTON - Stephen E. Higgins, whose

Bureau of Alcohol, Tobacco and Firearms con-

ducted the raid on the Branch Davidian cultists

near Waco, Texas, earlier this year, announced his

The announcement by Mr. Higgins, 55, a career employee who had served as director of the Trea-

sury Department agency for 11 years, came just

days before a department report was to be issued on the handling of the Feb. 28 raid, in which four agents were killed and 16 wounded. At the same

time, about a half-dozen cult members were slain.

In a letter to Treasury Secretary Lloyd Bentsen, Mr. Higgins said: "Since I do not agree with all the conclusions reached and actions proposed pursu-

ant to the Waco incident, and since you apparently support the merger of ATF into the FBI as pro-

posed by the reinvention team, I only have two real choices as a career executive where I find myself in serious disagreement with both decisions. I can

either ask to be reassigned to another position, or

retire. This is to advise you that I have decided to

Court documents indicate that the bureau pro-

ceeded with the raid even after an undercover

retire effective Oct., 30, 1993,"

By Deborah Sontag

ton, she is one of a growing number

of women seeking asylum on the ground that they suffered different

forms of political persecution be-

Immigration law has tended to ignore the plight of refugee women. Lawyers and immigration officers often follow their standard line of questioning, and the personal sto-

ries of the women oever come out. Many judges and immigration officers treat rape and battery, even at the hands of government officials, as private acts. And many interpret a woman's transgression of social mores, the refusal of an Iranian woman to cover her head, for instance, as wardrobe choices rather than political expression.

But change is now afoot. Even though many countries have grown less tolerant of refugees in general, international sympathy has grown for the traumas of women fleeing

persecution. The rapes of Muslim and Croat women in Bosnia have been portrayed worldwide as war

missioner for Refugees has issued

guidelines for evaluating women's applications for asylum, and the Canadian Immigration and Refu-gee Board has started granting asy-lum to women persecuted because

In the United States, advocates

for immigrants are using scores of

test cases, involving rape, domestic violence and defiance of state restrictions on women's activities, to try to expand the grounds for granting asylum.
The Immigration and Naturalization Service also is studying Canada's new policy to see if it will revamp its own handling of such cases, said Gregg A. Beyer, director of asylum. Although some critics of

the asylum system worry about opening the door to yet another category of applicants, Mr. Beyer said that there would be no blanket

admissions policies.
There's always a fear that anything, even a new nationality of a new category like women or gay people, will open up the flood-gates," he said. "There's a percep-tion that if a woman from a Muslim

country got asylum, many might come thinking they're now all eligi-ble. But they wouldn't be. It's case by case, individual by individual." The test cases brought by immi-

grant advocates vary from that of a Honduran woman in New York City whom Honduran police refused to protect from her severely abusive husband to that of an Ira-nian feminist in Boston, an artist

of their sex.

crimes, not just sexual violence. The United Nations High Com-

cause of their sex.

Both measures reflect the admin-

retirement Monday.

istration's belief that health insur-ers, faced with declining profits be-White House health adviser, Ira C. cause of impending reform, might price-gouge or drop coverage for sick people who need medical sertime Congress passes Mr. Clinton's proposal — if it does — and when it with existing medical conditions. is operating fully.

The administration has said it would like the plan to be operating in all states by the end of 1997, although Hillary Rodham Clinton recently suggested that the White

House was open to a later date. We want to prevent the insur-

Magaziner. "We want to prevent them from raising prices in a profiteering manner," or dropping the vices during the period between the more expensive policyholders, who usually are the elderly and people

> The administration's proposal woold immediately limit the amount insurers could charge some individual new subscribers and existing policyholders. It would also prohibit companies from terminatine or not renewing health insurance coverage for any insurer per-

nt relayed information that the cult leader,

David Koresh, and his aides had been warned that

nuthorities were coming to the compound. (AP)

AUSTIN, Texas - A U.S. senator and two

former aides were indicted Monday on charges of

misconduct during her 21/2-year tenure as state

The senator, Kay Bailey Hutchinson, a Republi-can, was accused of felony charges of official misconduct and tampering with governmental re-

Mrs. Hutchinson won a special election on Jun

5 to succeed Lloyd Bentsen after he became U.S. Treasury secretary. She has denied wrongdoing and accused District Attorney Ronnie Earle, a Democrat, of a political witch-hunt.

(AP)

President Bill Clinton, in his maiden address to

the United Nations: "My government intends to remain engaged and lead. We cannot solve every

problem but we intend to serve as a fulcrum for

change and a pivot point for peace."

cords and evidence.

Quote/Unquote

U.S. Senator Indicted in Texas

. The interim measure would mean that insurance companies would not be allowed to drop coverage of small businesses or individuals, for instance, while maintaining coverage for large

companies.

That appears to me totally contradictory to their overall goals of consolidation," said Linda Jenckes, lobbyist for the Health Insurance Association of America, referring to the president's other goal of weeding out inefficient, wasteful

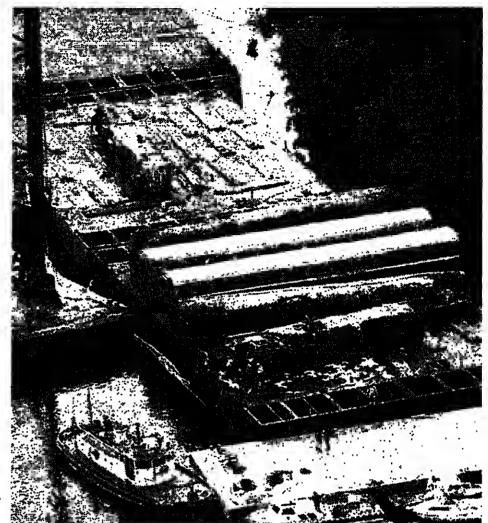
health plans. By requiring companies to renew all policies and restricting their rate adjustments, "you really could run the risk of making a company in-solvent" if health costs go up, she

If the proposals are enacted, people who lose their health insurance during the transition period, for whatever reason, or are unable to buy insurance because they have a pre-existing health condition, would be able to buy coverage through the Department of Health and Human Services.

The department's plan would be financed by the premiums it charged consumers. But if the preminms were insufficient, the government would force all insurance companies and large companies that operate their own health plans to contribute as well, according to

Several states have state-ruo plans to insure people who have been turned away or charged high rates by private insurance compa-nies because they have medical conditions that required expensive treatment. In general, these "state risk pools," as they are called, have not kept up with the demand for

Away From Politics



Amtrak cars and engines retrieved after last week's wreck awaiting transport to New Orleans.

 A second recording device re-covered from the Sunset Limited's third engine, one of the last cars pulled from the bayou waters where 47 Amtrak passengers and

crew died, has been turned over to investigators. That engine and a baggage car from the California-to-Florida train were hauled Sunday from the Bayou Canot, the site of the worst wreck in Amtrak's 23-year-history.

• The replacement camera for the flawed Hubble space telescope is ready to be launched in Decem-ber, space agency officials said. A NASA official, John Campbell, said earlier indications that the camera would have to be refocused were erroneous because of problems with testing equipment.

• Millions of Americans drink, shower and cook in unsafe tap water, according to a report re-leased Monday. The study by the Natural Resources Defense Council found that from 1991 to 1992, 120 million people were affected by over 250,000 violations of the Safe Drinkiog Water Act.

 A federal judge in Los Angeles ruled Monday that two policemen convicted in the Rodney G. King beating could stay out of prison until Oct. 12 while they seek bail in conjunction with moves toward appealing their cases. The decision came shortly before the deadline for Stacey C. Koon and Laurence M. Powell to begin their 30-month sentences.

• The National Guard helped evacuate dozens of residents in northeastern Oklahoma on Monday as rain-swollen rivers rolled out of their banks to record levels.

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A Dawn for Women Refugees Asylum Pleas Based on Sexual Persecution Are Growing

early 1980s for painting women in New York Times Service contraditional roles. BOSTON — One September "It was a very hard period of my night, the night of the 1992 military coup against President Jean-Bernow an art teacher at a day-care trand Aristide, a tall, slender young woman limped through the streets of Port-au-Prince, Haiti, in a tatand bodies to protect us from men, as if we were living in a jungle and tered nightgown. Then 16 years old, W. Louis had just been beaten and gang-raped in retaliation for her male cousin's pro-Aristide ac-

were executed." The women's experiences in the W. Louis and her cousin fled the country six weeks later by boat, spent five months at the U.S. Naval coortroom vary, too. to San Francisco, a Salvadoran woman whose husband was an informer for the army asked for refuge in the United Base in Guantánamo, Cuba, and were admitted to the United States to apply for political asylum. As a rape victim, she agreed to speak edly gang-raped by guerrillas. Dur-ing three hours of halting testimoonly if she was identified by her last oy, as she kept her face covered

with her hands, the immigration judge ctipped his fingernails, said Jonathan Melrod, an immigration lawyer who represented her. But in Her cousin, a student leader threatened with death, is typical of the thousands of men who seek asylum each year. But W. Louis, as the end, her testimony was so coma woman and a rape victim, is prepelling the judge granted her asysenting a type of claim that until recently was seldom heard. Now 18 and a high school student in Bos-

Sofia Campos-Guardado, another Salvadoran, was not as lucky. Miss Campos-Guardado, whose male relatives were active in an

who was forced underground in the agricultural cooperative, had been bound, gagged and forced to watch as guerrillas hacked the flesh from her cousins' bodies and shot them life," said the Iranian artist, who is to death, according to court documents. Then she was raped while center. "First, the anthorities insist- her attackers shouted political sloed that we must cover our heads gans, and repeatedly threatened her if she did not keep silent.

The U.S. Court of Appeals forthe tigers were always ready to the Fifth Circuit, based in New pounce. And then all my friends Orleans, found that there was no evidence that Miss Campos-Guardado was raped because of her political opinions and decided that her rapists' threats were entirely personal.

By law, political asylum is granted to an individual with a well-founded fear of persecution because of one of five grounds: race, religion, nationality, membership in a particular social group or hold-ing a political opinion.

Many lawyers are pushing for a more radical approach by adding persecution because of sex as a sixth ground for asylum.

It is believed that only a fraction of political asylum cases involve women. Immigration officials do not keep such statistics.





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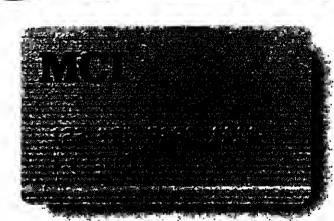




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Russia's Reformers Move Fast

Yeltsin Camp Revels in Opponents' Collapse

By Fred Hiatt

Washington Post Service
MOSCOW — Russia's economic reformers are moving aggressively to take advantage of the collapse of the conservative parliament with a wide array of liberalizing measures that would have been impossible only last week, officials and Western advisers said Monday.

While most of the world focuses on Russia's cootinuing political crisis. President Boris N. Yeltsin's economic team is pushing to dismantle roadhlocks to reform in agriculture, foreign trade, energy, real estate, securities and other fields.

We have a big window of opportunity between now and the convocation of the next parliament," said a policymaker in the government who asked not to be

Mr. Yeltsin and his economic policymakers are not waiting for the standoff to end to seize their chance. The confluence of parliament's dissolutioo, the government's gaining control over the Central Bank and an unusual oneness of purpose within Mr. Yeltsin's cabinel have given reformers oew hope after a summer of drift and growing inflation.

Already in the week since he dissolved parliament, Mr. Yeltsin has issued decrees reducing subsidies to agricultural monopolies and, on Monday, protecting and attracting foreign investment. More decrees can be expected within a week, one

Liberals in the government hope the structural reforms will persuade Western lenders to continue supporting Mr. Yeltsin's government despite the political instability. But their larger goal is to use their unex-pected freedom of movement to

make lasting changes that would show voters that reforms occid oot

only be painful. Officials acknowledged that the current crisis will complicate economic reform in some ways. Many roadblocks to change are legal and will be difficult to remove without a legislature. Other changes are op-posed by bureaucracies and lobbies that are no less powerful today than before Mr. Yeltsin's decree.

Moreover, Yeltsin supporters will be urging him to increase sub-sidies and other goodies to all kinds of constituencies in the run-up to an election. With the economy on the verge of hyperinflation, such vote-buying could have disastrous consequences.

trol as in Soviet times.

would-be entrepreneurs.

enforcing signed cootracts, are

murkily protected at best under Russia's inherited legal code.

Many will oot be protected until

takes action. "It makes no sense to

adopt presidential decrees on fun-

damental and long-term legal is-

sues in the present political situa-tion," Mr. Gaidar acknowledged.

"What you adopt today can well be

issue for making privatized firms

function more efficiently, one

knowledgeable official said.

canceled tomorrow."

As a result, many reformers and advisers say Mr. Yeltsin must maintaio strict budget control, cutting subsidies to unprofitable stateowned enterprises. In the short term, such a policy could even be popular, they argue, as inflation would drop before unemployment takes off. And a very tight policy would leave enough funds in the kitty for some well-targeted porkbarrel spending near the election. Still, faced with such narrow

room of maneuver in the big picture, economic reformers are arguing that Mr. Yeltsin should adopt a range of measures that would promote competition, ease start-up barriers for small businesses and bring other benefits without simply

handing out cash or credit.

I would insist on adopting popular, oot populist, measures," nne senior official said. "The society is mature enough already to understand that just giving away money is not a way out." He added, "We need measures that will create competition and market conditions."

RUSSIA: Yeltsin Rules Out Deal

Continued from Page 1

pealed on Monday to the armed forces to revolt and remove Mr. Yeltsin. But their support contin-ned to dwindle as the military stood firmly behind the president.

A leading supporter of the par-liament, Viktor P. Barannikov, denied reports that he was preparing to defect to Mr. Yeltsin, Mr. Viktor Barannikov was named security minister by the parliament last

Jittery lawmakers asserted early Monday that Mr. Yeltsin had ordered not police to storm the parliament building, and they alerted their small volunteer defense force. There was oo attack, however. The panic reportedly was set off by a truck backfiring.

> For investment information read THE MONEY REPORT every Saturday in the IHT

Guards used chairs and tables to set up barricades in the corridors after the rumors of an imminent attack swept the building. Such rumors have repeatedly gripped the parliament. Mr. Yeltsin has said he will out use force to end the protest.

Lawmakers asserted that they had received telegrams of support from some army and navy units, hut there was no sign of any military backing. The mood in the building, called the White House, was increasingly despondent as about 100 lawmakers deliberated what to do oext

The chairman of the parliament, Ruslan I. Khasbulatov, asserted Monday that he would defend it to "the last bullet." Some lawmakers and aides said privately, though, that the parliament's leaders did not know what to do and were increasingly desperate.

(AP, Reuters, AFP)



Georgians fleeing Sukhumi climbing aboard a boat; the besieged city fell shortly to Abkhazian rebels.

GEORGIA: Sukhumi Falls, Shevardnadze in Hiding

artacked Sept. 16, breaking the truce, they had a considerable ad-

antage in lirepower. "I think the Russians have a lot But he said excessive regulation to answer for," said a diplomat in the region. He added that President and executive instructions within Mr. Yeltsin's domain often are re-Bill Clinton and Secretary of State sponsible for "ahuses of ownership rights." Russia's privatization agency also is preparing decrees by which Mr. Yeltsin could help guar-antee shareholders' eights, a key Warren M. Christopher had taken a personal interest in the Georgian situation in recent days.

unlikely that the United States been confirmed. would press the Russians hard on the matter at a time of iotense po-

Yeltsin ordered the Russian military to render "maximum assistance" to evacuate Mr. Shevardnadze, but so far Mr. Shevardnadze

has refused to leave the area. Diplomats in the Georgian capital, Tbilisi, said they feared there would be a bloodbath oow that the Abkhazians have taken Sukhumi. There have been scattered reports in recent days of massacres in vil-lages near Sukhumi where fierce However, diplomats said it was battles have raged, but some has

Although Sukhumi once had a population of about 150,000, fewer litical instability in Moscow. than 30,000 civilians are believed to my contemporaries in Moscow, President Boris N. remain there. Reports from the city come after me."

io recent days say that much of the center has been shattered by artillery and rockets, and that dozens of buildings have been consumed by

In his statement Monday, Mr. Shevardnadze also said he had sent a telegram to Moscow offering to join the Russian-led Commonwealth of Independent States, reversing his previous opposition to Georgian membership; He added: "God knows that I

did all. I could so that this terrible day would never come. I was unsuccessful. May I be forgiven by than 30,000 civilians are believed to my contemporaries and those who

Caretaker Leader Stuns Pakistan in **Corruption Fight**

New O

By John Ward Anderson Washington Past Service

ISLAMABAD. Pakistan - Pakistan's caretaker prime minister, appointed to July to ensure fair elections in October, has stunned the country by using his three-month term to expose political corruption and launch political and economic reforms.

The caretaker prime minister, Mocen Qureshi, a Pakistan-born, Washington-based businessman and longtime U.S. resident, is reluctantly living what many would consider a governmental fairy tale Seven weeks ago, Pakistan's feuding leaders, deadlocked in a political struggle that had paralyzed the government, resigned and asked Mr. Qureshi to return to his homeland and lead an interim government to hold elections.

ment to now electrons.

But Mr. Qureshi, 63, has embarrassed the politicians with a campaign that has revealed how they pushed the country toward bankruptcy and plundered its resources for personal and political

In the last two decades, the country's prime ministers gave away hundreds of parcels of public land to friends, family, journalists and numerous or parcess or public land to menus, rammy, journalists and political supporters, Mr. Qureshi revealed. And 63 candidates for the National Assembly had defaulted on millions of dollars in loans

National Assembly had defaulted on millions of dollars in loans from the state bank or had them written off by the government.

At the same time, Mr. Qureshi, who was second in command at the World Bank until he retired two years ago, offered his solution for what he termed the country's "deep malaise": proposals that Pakistan's elected governments had often debated but never had the political will or support to enact. The measures include a crackdown on drug dealers, new taxes on his landwaners increased taxes. on drug dealers, new taxes on big landowners, increased taxes on utilities and devaluation of the currency.

"Most of these reforms should have been done a long time ago, and now that they've been brought to the people's attention, it will

be difficult for any incoming government to reverse them, said
Arshad Syed Karim, chairman of the political science department at

Others predict that the reforms, most of which have been enacted as ordinances and must be voted into law to be made permanent, will not survive the politics and corruption of the National Assembly.

Although Mr. Qureshi's crackdowns on loan defaulters and drug dealers have been widely praised, critics assert that he has over-stepped his mandate to hold elections. His tax increases and a 9 percent devaluation of the rupee in particular have come under fire as measures that should be enacted only by an elected government. Critics say his changes are too heavily influenced by U.S. and World Bank monetary views and could lead to hyperinflation and more

"The man comes here with a pure philosophical and theoretical approach and has oo idea what the local realities are," said Khawaja utubiddin Ahmed, vice president of the Federation of Pakistan Chambers of Commerce and Industry.

"It is true that I have interpreted my mandate in broad terms," Mr. Qureshi said. "But some of these things are so central to good government, when I took my oath of office, I said that I was going to do everything I could to strengthen my country."

While on business in Singapore on July 18, he received a 1 A.M. phone call asking him to serve as prime minister. "I never expected to get this kind of a call, so obviously I was surprised," he said. The call came because Pakistan's political leaders — President Ghulam Ishaq Khan, Prime Minister Nawaz Sharif and the opposi-

tion leader Benazir Bhutto — had for months been deadlocked in a power struggle that had brought the country to the verge of collapse. The army, which has ruled Pakistan for more than half of its 46 years of independence, had brokered a deal under which Mr. Ishaq Khan and Mr. Sharif would resign if a neutral figure could be found to As an outsider notainted by political partisanship and amhition,

Mr. Qureshi was the only consensus choice. Mr. Qureshi said he wanted to return to his business as soon as

possible after the elections on Oct. 6 and Oct. 9. He cracked down on reputed drug barons, including six whom the United States wants extradited and three who are members of the National Assembly. He established a tribunal for the rapid investigation of corrupt government employees and created a commission to streamline the judiciary.

In one of his most revealing moves, he stripped the prime minis-ter's office of its discretionary land-grant powers, then made public a list to show how it had been abused.

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CLINTON: President, Addressing UN, Urges Expanded Nuclear Nonproliferation Pact where we have two countries that troubling situations, adding: "This contended, "didn't come up with have embarked on unsafeguarded policy does not affect either of anything." The resident's comments in a genuine threat to the contended to the

Continued from Page 1

and Pakistan are making this material outside of international inspection and prohably will continue to

national inspection some material that it has declared as surplus.

A White House official said ple. But the official acknowledged that "we are particularly womied at the moment about South Asia,

Gun, objected to the issue's being

raised in the conference plenary

and said an agreement to discuss inspections here next week was off. The agency secretariat must

bear its due responsibility for the grave consequences it has brought about." be wrote in a letter to Mr.

David E. Sanger of The New York

about," he wrote in a letter to Mr.

Blix. He said that those consequences would "make it impossible" for the next round of consultations broke decades of Cold War silence

tions between North Korea and the with North Korea and opened energy agency to take place as talks, American, Japanese and

planned in Vienna.

The agency had greeted North
Korea's decision to attend the Vienna meeting as a breakthrough.

In March, North Korea an
South Korean officials say there is no evidence that the reclusive government is backing away from its outlear weapons project or that it will allow international inspectors

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Herald Cribune

sin Project oo Nuclear Arms Con- have embarked oo unsafeguarded "The problem is that India programs." The reference presumably was to India and Pakistan.

Nuclear-club members such as the United States and Russia can afford to stop production because The United States last year halt- the ouclear material in dismantled ed the production of fissile materi-als and has offered to open to inter-thousands of years. Mr. Milhollin

Iran, Iraq, Libya and North Korea, he said, all claim that the only Monday it hoped that other on-tions would follow the U.S. exam-they possess is already under in-

Mr. Milhollin said that North ing a strategy to curb the spread of The president said the United Korea and Iran "top the list" of nuclear weapons. That review, he Nations should assess peacekeep-

Treaty rather than submit to in-

spections. That decision was later

suspended under heavy pressure

from the United States, South Ko-

rea and their allies. (Reuters, AP)

Japan, one of the biggest producers of plutonium in its reprocessing facilities, will not be affected by the policy either, he said, adding that the threat of a plutonium shipment being hijacked by terrorists is in Congress about the U.S. role among the concerns of nonproliferthere. In addition, the president

Clinton made the proposal for a production ban because he had to show some results after a government-wide review aimed at devis- ment in Bosnia.

nounced it would withdraw from into its most secretive installations. sokawa of Japan has called North the Nuclear Nouproliferation No one knows if Pyongyang has Korea's development of a missile

No one knows if Pyongyang has been able to use the time to further

its bomb development, or whether

such efforts have slowed under in-

ternational pressure and a lack of technology. U.S. negotiators insist

that the talks have not been a fail-

ure, largely because they dissuaded North Korea from pulling out of the Nuclear Numproliferatino

But in the last week, Asian lead-

ers have suggested that the situa-

tion is once again veering toward

South Korea has told a Japanese

newspaper that he oow believes that North Korea has enough ma-

"If the outlear dispute remains

unsettled, international sanctions

against North Korea will be un-avoidable," Mr. Kim said.

Prime Minister Morihiro Ho-

terial to make three bombs.

President Kim Young Sam of

confrontation.

KOREA: North Cancels Participation in Vienna Nuclear Inspection Talks

The president's comments oo

recent deaths of American soldiers operating under UN auspices in Somalia has raised oew questions adou experts. 'faces a decision soon on how to
In Mr. Milhollin's view, Mr. keep his commitment to supply faces a decision soon on how to thousands of soldiers to a North Atlantic Treaty Organization force that would enforce a peace agree-

The president said the United

Korea's development of a missile that could hit virtually anywhere in

the Japanese archipelago "a threat

to our country."

A third round of talks between

North Korea and the United States, which was supposed to have taken place this month, was indefi-

nitely suspended a week ago after U.S. officials said North Korea had

made no progress oo steps agreed upon in July, Among them was the renewal of discussions with South Korea on beginning mutual inspec-tions of each other's nuclear sites, a

step that was accepted in principle more than two years ago.
The Clintoo admioistration

seems likely to face a particularly

vexing question in the next several weeks, namely whether to continue

oegotiations or to resume the

movement in the United Nations

toward economie sanctions against

mine if there is a genuine threat to The president's comments on UN peacekeeping come at a sensitive time for the United States. The peacekeepers would be removed and what the cost would be.

At the same time, he urged the body to create a modern command center for its troop operations and promised to soon pay the \$400 milion Washington owes for under-writing the far-flung UN peacekeeping efforts.

A condition, however, is that the

UN reduce the peacekeeping quota for Washington to 25 percent, from 30 percent, to reflect its diminished economie power in relation to other oations, Mr. Clintoo said. In viewing global trends, the president coted "serious threats"

to the planet, citing conflicts in Angola, the Caucasus region and Kashmir; bunger and disease among children; eovironmental degradation; "repression of con-science," and terrorism. He specifically mentioned the

mass murderers who bombed Pan Am Flight 103" over Scotland when he vowed "to see that such terrorists are brought to justice."
Friday is the deadline set for Libya to turn over two men viewed by Washington as responsible for the Pan Am bombing. Unless it

New York Post Struck By Newspaper Guild

The Associated Press NEW YORK — Newspaper Guild members went on strike Monday at the New York Post, saying Rupert Murdoch's efforts to save the paper threatened their

The Guild, which represents editorial, clerical and advertising workers, is the only union at the Post that has not settled on a con-

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PANIC: Collaborators' Fears Grow Continued from Page 1

Jordan and Egypt. Israeli troops and security forces, who have controlled virtually every aspect of Palestinians' lives for 26 years, are supposed to withdraw gradually from population centers, meat that has vowed to upset the protecting only Israeli Jewish settlements, military bases and Israe-

lis on the roads. More is at stake than just who will issue traffie ockets, Israel has a wide-ranging intelligence network fee Center for Strate in the territories. At the peak of the Tel Aviv University. intifada, 28 the Arab uprisiog agaiost Israeli occopation is known the Israelis are said to have the undercover Israeli military maintained about 18,000 inform- units that have stalked violent

Israel may hope to continue its ian prisoners still in Israeli jails.

intelligence-gathering in the terridrawn from desert camps in Libya tories to help guard against future and Yemen, and others trained in violence. But the Palestinians may look with suspicion on Israeli in-formers in their midst

The two sides also may need to work together to keep track of Hamas, the militant Islamic move-

"There has to be intelligence cooperation between Israel and the PLO with regard to Hamas," said Joseph Alpher, director of the Jaffee Center for Strategic Studies at There are other sensitive security

issues as well, such as the future of ers. Precise oumbers are oot gangs, often with the help of informants, and the future of Palestin-

does so, additional Western sanc-tions against Tripoli are likely.

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TO OUR READERS

In Indonesia, Signs Pakistania Of a New Openness Authorities Loosen the Reins Dissidents and Journalists

By Michael Richardson

International Herold Tribune JAKARTA - After being ostracized for years by government and military leaders, A.H. Nasution, a retired general who is one of the country's leading dissidents, left recently for medical treatment in the United States — with all expenses paid by the Indonesian state.

Io 1980, Mr. Nasution, a former armed forces commander and defense minister, helped found the Movement of the Petition of 50, a group of retired senior officers, cabinet ministers and religious leaders that publicly accused the military-hacked government of President Suharto of abusing power and failing to democratize.

lo reprisal, members of the group were prohibited from leaving Indonesia and put under official surveillance, Indonesian news organizations were instructed not to report any of their critical state-

The other day, in the latest sign of a new openness in the world's in Indonesian society. fourth most-populous country, General Syarwan Hamid, the chief armed forces spokesman, said no more travel bans would be imposed

on individuals for political reasons. Earlier, in another apparent ges-ture of reconciliation, Mr. Subarto, also a retired general, held two informal meetings with Mr. Nasution while a close associate, Jusuf Habibie, the minister of research and technology, took several other members of the Petition of 50 group oo a well-publicized indus-

In recent months, the Indonesian media have become much bolder in discussing politically sensitive issues, such as the rapidly expanding business empire controlled by Mr. Suharto's sons, daughters and oth-

also become more assertive in questioning ministers about government policies and in seeking greater financial autonomy from the

Political analysts said there would probably be another significant development next mooth when Golkar, the de facto governing party established by the military in 1964 to counter communism and maintain stability, holds its

With Mr. Suharto's backing, the congress is expected to elect Harmoke, the information minister, as

U.S. Senate Drops Ban On Jakarta Arms Sales The Associated Press

JAKARTA - The Iodonesian government expressed relief Monday over the dropping of a pro-posed U.S. Senate amendment to ban arms sales to Indonesia because of its human rights record in

wer Nongrahllend

East Timor. The proposal called for the ban unless Indonesia allowed international human rights groups unrestricted access to the Portuguese colony, which lodonesia annexed in 1976, lodonesia came under sharp criticism io the West after its troops killed dozens of pro-independence demonstrators in East Timor in November 1991.

Golkar chairman. He would be the first civilian to lead the group.

Some critics contend that the army is out of step with the demand for change in Iodonesia and should withdraw from day-to-day involvement in politics and politically related issues, such as intervention in labor and land disputes on the side of employers and developers and against the poor, on the pretext of maintaining order.

Mr. Suharto, who is 72, has been in power since 1966. He was ap-pointed in March to another fiveyear term as president by an electoral hody dominated hy his

Few Indonesian analysts suggest that the president is losing his grip. Indeed, many believe that he may seek reappointment in 1988, pro-vided he remains in good health.

Nonetheless, sustained economic growth, the spread of education, rapid expansion of the private sector and the rising influence of an urban middle class are creating a more assertive civilian component

"lodooesians are better ioformed, they are traveling more and beginning to demand more from a political system that has been ossified," said a Western dip-

Mr. Suharto appears to acknowledge the need for change. He said last month that frictions, conflicts or even controversies in "our growing dynamic society were un-

The job of the government is oot to dampen them, he added, but to develop procedures for creating consensus and solving problems in

a peaceful and fair way.
Otherwise, he warned, Indonesia
will face chaos and disaster "caused by a tyranny of the minority or a dictatorship of the major-

Many analysts link the wooing of The Indonesian parliament has prominent dissenters and the loosening of controls over the media and parliament to maneuvering between the president and military power brokers, with each side seeking to make new allies.

"It's all a facade," said an Indonesian editor. "It's oot institutional openness; it's vested interest open-

Despite some easing, the government has io the past lew months prevented an independent union congress from taking place and has vetoed elections for the leadership of the Indonesian Democratic Party, the closest thing the country has

to a political opposition. In June, the Indonesian Supreme Court rejected a challenge to a min-isterial decree that gives the government anthority to close down

Nor is there any indication that Mr. Subarto is contemplating any fundamental reforms, such as ending the ban on student political activities on campus or opening up the party system.

However, Adnan Buyong Nasu-tion, a leading human rights law-yer, said that Mr. Suharto evidently realized that "he must broaden his political support and open dia-logues with people who have been very critical."

"Whatever his motivation and however small the loopholes," he said, "we should make use of this to strengthen the democratic movement in Indonesia."



China and Britain Far Apart on Colony

BEIJING - China and Britain remain far apart on the contentious issue of political change for Hong Kong, the British ambassador to Beijing said Monday at the end of the 12th round of talks on the issue.

"I don't think I want to characbut I think it is no secret to say that we have not made as much progress as we would have wished," said Sir Robin McLaren, who heads the British side in the negotiations.

"There is still a substantial gap,"

The talks, aimed at finding consensus on proposed changes to Hong Kong's electoral system be-fore the British colony returns to Chinese rule io 1997, have dragged on since April with no public sign

The two-day session that ended Mooday was the last before Foreign Secretary Douglas Hurd and his Chinese counterpart, Qiao Qi-chen, meet in New York this week.

Sir Robin held out little hope don a that the meeting between the for-eign ministers would produce a tion.

breakthrough, although he said it would be extremely useful. "I don't think the two foreign

ministers will be regarding this as a negotiating session." he said. "Their meeting will take place in the context of the General Assembly in New York and they will have terize the round with adjectives, a limited amount of time available.

"But I am sure they will want to review the state of the talks and consider between them how best to go forward "

Sir Robin and his Chinese counterpart, Deputy Foreign Minister Jiang Enzhu, will hold their 13th round of talks on Oct. 11 and 12,

after a major speech by Hong Kong's governor, Chris Patten. Mr. Patten set off the row between the two countries in his October state-of-the-territory speech last year when he proposed reforms that would allow Hong Kong people to vote for the majority of their legislators for the first time.

China blasted his proposal as a violation of previous agreements and understandings between London and Beijing.

Britain rejects that interpreta

The challenge: TO STEER CLEAR OF THOUSANDS OF NAVIGATIONAL HAZARDS IN OUR COASTAL WATERS. PASSAGE

Nina Berberova, Lecturer And Writer, Is Dead at 92

PARIS - Nina Berberova, 92, a Russian-born writer and lecturer who left her country in 1922 be-

cause "they were starting to shoot poets," died io Philadelphia on Sunday, her Freoch publisher said. Born a well-to-do St. Petersburg family, Miss Berberova toured Europe before settling in France and then moving to the United States in

1950, where she lectured at Yale

and Princeton. Lauded for her interpretations

and teaching, she was given honorary doctorates at both universities. world discovered Miss Berberova who did not know Mr. Garraway's as a writer after a French publisher,

Hubert Nyssen, of the Actes Sud publishing house, began to print her many works.

Among them are "The Accom-panist," "The Revolt," "The Tattered Cloak," biographies of such figures as Tchaikovsky and Alex-ander Borodin, and her autobiography "The Italics Are Mine."

Brian Garraway, chairman of the regulatory board at the Lloyd's of London insurance market, died Friday. Mr. Garraway, who recently suffered a mild heart attack, apparently died in his sleep, Lloyd's said Monday. He was born in 1931, It was only in 1985 that the according to a Lloyd's spokesman

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WE THRIVE ON CHALLENGES

North Korea in the Dock

world listening? It is two years since suspicion dawned that the North Koreans were probably trying to build The Bomb. It is six months since they walked out of the Nuclear Nonproliferation Treaty, apparently confirming the suspicion. Then they seemed to cancel the walkout, and for nearly three mouths American mediators have been trying to persuade them to prove their nuclear innocence. But still they will not. Ticking clocks eventually strike, and this, no cliche, would be midnight.

If the North Koreans are serious about still being part of the nonproliferation club, the rules say they have to let inspectors from the International Atomic Energy Agency go into their country and find out the truth. In Vienna this Monday, Director-General Hans Blix told the IAEA's annual conference that obstruction appeared to be hardening. The agency's inspectors are ready, but North Korea would win an Olympic gold for foot-dragging.

It says the agency must first "prove its impartiality." It suggests that some automatic cameras, already installed, could just be moved around a hit, ft urges more preliminary talks with America, or South Korea — but then it sets new conditions for such talks. And still the inspectors cannot go where they need to go.

Is it possible that the original accusation

was wrong, and that North Korea has clean hands? No. The scientific evidence shows, beyond serious doubt, that it has produced more plutonium than it had admitted. And if they really were innocent, the North Koreans, remembering America's recent fiasco with the Chinese ship wrongly accused of taking illegal

chemicals to Iran, would simply wave the inspectors in, and get ready to laugh.

So are they wasting time in order to hide the evidence? That would be hard — nuclear waste is bulky stuff, and tends to leave traces behind - but nobody who bas watched Saddam Hussein's bravura demonstration of evidence-hiding would be ready to swear it was impossible. This is a risk that cannot be taken. Those in

the West who are weakly willing to accept a nuclear North Korea are starting to say: Never mind, it wouldn't be so bad, we can stop other people proliferating even if we can't stop North Korea. This is nonsense.

If North Korea's Kim Il Sung got the bomb, there would be panic in East Asia, He may be, of all the world's dictators, the one most likely to use a nuclear weapon if he had one. He has tested a missile that can reach all of his neighbors. The thought horrifies South Korea, and has sent a shocked Japan looking at the possibilities of anti-missile defense - and could yet send it into its own bomb-making program.

Even worse, a nuclear North Korea would

end the hope of a relatively nuclear-free world. The anti-proliferation campaign has done well recendy. South Africa has renounced nuclear weapons; some tempted Latin Americans have decided not to; even Pakistan and India may be edging back from the brink. But now a second generation of would-be nuclear powers, most of them in the deeply unstable Islamie crescent between Iran and the Maghreh, are pushing their way forward. If North Korea breaks out. they will be encouraged to follow; and we shall have a multi-nuclear 21st century.

INTERNATIONAL HERALD TRIBUNE.

A Vital Assignment For the UN Sultan

By Jim Hoagland

WASHINGTON — When an American named Ion Perdicaris was kidnapped by the Berber chieftain Raisuli in Morocco, Theo-dore Roosevelt dispatched this message: Perdicaris alive or Raisuli dead. The American was released.

It is impossible to imagine Bill Clinton being either that terse or that categorical. Nor could be afford to be. Today, Raisuli might lob a chemical warhead at a rescue party. He would certainly have in his arsenal recoilless rifles and rocket-propelled grenades powerful enough to stop U.S. tanks and helicopters, as Somalia's Mohammed Farrah Aidid does.

Because the United States and the Soviet Union foolishly showered high-tech weaponry on bloodthirsty regimes and bandit groups posing as ideological soutmates throughout the Cold War, no American president can ever again be as succinct and as immediately successful as Theodore

Roosevelt was in 1904 General Aidid's challenge to American forces operating in Somalia is more than an outrage. It is a

sign of the times.

Clinton administration strategists underestimated how much things have changed, along with General Aidid's determination and the sophistication of his hand's weaponry. He came out shooting rather than accept ultimatums to cooperate in a political redesign for Somalia that would eliminate his power. He has ignored demands that he surrender to be tried for his crimes. No Raisuli be.

U.S. soldiers with mines and killed three others by shooting down their helicopter in Mogadishu. Total fatali-ties in the United Nations force that the Americans serve with surpass 50 in less than six months.

What began 10 months ago as a benign effort by 28,000 American soldiers to feed starving children has mushroomed into a small war between General Aidid and United Nations peacekeepers, who sely on American firepower for their offensive capability.

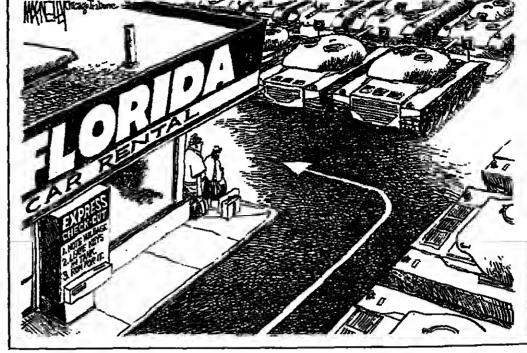
Each new atrocity makes it harder for the Clinton administration to extricate the remaining 5,000 U.S. soldiers from Somalia as promised, even as the new deaths create public pressure on President Clinton to withdraw. As U.S. casualties mount, Pentagon and other officials grimly say that America cannot cut and run and leave General Aidid unpunished. America's dead should be avenged.

both for moral and for practical reasons. America's future support for multinational peace missions - including in Bosnia — will be dramati-cally undermined if local warlords can knock off Gls with impunity.

That reality should lead Mr. Clinton to switch tracks now. Instead of dispatching Rangers and other special forces to hunt down General Aidid, which deepens U.S. involvement and risks even more casualties. U.S. policymakers should reflect on the Perdicaris-Raisuli history.

General Aidid is a thoroughly rote tried for his crimes. No Raisuli be.

Aidid forces have blown up four tant one for the world's only super-



power. The American attention he gets huilds him, or his successor within his clan army, into a national symbol of resistance. It turns him into a tool for more important anti-American forces like Iran or Sudan, ever alert for new opportunities to pull Uncle Sam's beard.

It is time to shrink and clarify America's goals in Somalia, which cannot serve as a model for democracy in Africa without a massive U.S. commitment, one that Mr. Clinton is in no position to make. This fight should no longer be cast as a U.S. vendetta against one Someli warlord. The Perdicaris-Raisuli story has been often told, but a key detail is usually omitted. Roosevelt did not

There Are Better Ways to Pursue Peace Than Mere Deterrence

send his verbal thunderbolt to the bandit hut to the sultan of Morocco. It was up to the sultan to deliver one live American or one dead bandit. The sultan got Raisuli to back off.

The closest thing to a sultan for Somalia is UN Secretary-General Butros Butros Ghali, who pushed for the expansion of the mission from humanitarian relief to political re-construction when the United Nations took over from American com-

manders in March.
U.S. troops (and U.S. civilian officials working for Mr. Butros Ghah) should be taken off the Aidid hunt. which should nonetheless remain the United Nations' most urgent priority in Somalia. If Mr. Butros

Ghali and the political leaders and military contingents of the other UN members in Somalia do not quickly commit the resources needed to hring General Aidid to justice, the United States should understand what that says about the UN effort in Somalia — and the future of UN peacekeeping — and cease its participation in that operation.

It does not have the ring of Theodore Roosevelt's one-liner, but there is a brief message Mr. Clinton should send. It would reflect today's more complex world situation while, one hopes, provoking action: Aidid alive in chains or the UN hopes for peacekeeping in the Third World dead.

Sending Treasures Home

The so-called Lydian Hoard, a cache of 2,500-year-old silver lodged until this month at New York's Metropolisan Museum of Art, is not all that high-profile among museumtreasures. True, it is said to be a stunning collection - bowls, flasks, jewelry, glassware and other precious objects found in tombs dating from the classical reign of the legendarily rich King Croesus. But its true significance may be more legal than cultural.

For nearly a decade, the modern Turkish government and the Metropolitan Museum have been struggling over whether the treasures must be returned to Turkey on the grounds that there was serious evidence that they had been looted illegally in 1961 from tombs in Turkey's present-day territory. Last Wednesday the museum settled the case by agreeing to send them back.

Cases like this one, long a centerpiece in the increasingly contested issues of cultural patrimony and repatriation, are closely watched by those who fear that a single precedent could somehow force the emptying of Western museums. The entire geography of the museum world, after all, reflects a couple of hundred years of political history - colonialism, the rise of the study of ancient cultures and of knowledge about their preservation — that cannot be practically reversed. The Met's decision to settle rather than go to trial (in New York's Federal District Court, which has had the case for the past six years) can be understood partly

Similarly, the museum's official statement

lays heavy emphasis on this case's special features. For one thing, the looting in question apparently took place in 1961, before the United States had signed a pivotal Unesco treaty governing law in this field. For another, the evidence that the looting actually took place, turned up during the court process, is said to have been stunningly clear — as was evidence that museum staff who handled the original acquisition were aware that it was question (1) simplifies matters that the material was from Turkey, which has strict laws forbidding

the export of any antiquities whatsoever— although much looting is thought to go on.) Much has changed in the world of antiquities and of museum practices since that time, some of it refuctantly and as a result of legal pressure, some because museum-based scholars no less than countries of origin see that it is in their interest to prevent the looting of antiquities. Once a treasure has been torn from its setting, it is practically impossible to learn anything definitive about it or the culture that produced it. Collectors and dealers benefit from clandestine material only at long-term cost to the field.

Unlike the effort to get back treasures that left their countries during colonialism — such as the Elgin Marbles or the Trojan board newly rediscovered in Russia - the effort to control present-day lonting is a concept that controversial. The Met's action reflects, and as the need to avoid creating such precedents. ought to holster, that growing consensus.

- THE WASHINGTON POST.

By Andrew Mack

much on the military instruments of secu-nity and not nearly enough on prevention, resolution and management of disputes, Even at the United Nations, where the "Agenda for Peace" report last year by Secretary-General Butros Butros Ghali stressed nonmittary approaches to security, there are only 40 staff working in the area of preventive diplomacy and peace-

military peacekeepers in the field. In a speech on Monday to the General Assembly in New York Gareth Evans, Australia's foreign minister, suggested a far-reaching change in the way states think about seeking peace. His proposals are spelled out in detail in Cooperating for Peace," a 200-page study published to coincide with the UN speech.

making, compared with some 82,000 mostly

ANBERRA - Nation states spend too

The nonmilitary instruments of security are dramatically less costly in human as well as financial terms. In one of a series of case studies of the successes and failures of preventive di-plomacy, "Cooperating for Peace" examines the missed opportunities for resolving the issues of contention between Iraq and Kuwait disputes over borders, over the Rumaila oil field, over the Warba and Bubiyan islands and over debt. In this case, dispute resolution and management failed dismally. Efforts were too few, 100 weak and 100 late.

er prevenuve diplomacy could have succeeded in preventing the outbreak of bestilities between Iraq and Kuwait we shall never know, but the fact that it was never given a real chance made war inevitable. The human costs

were horrendous. The financial costs to the UN coalition that repelled the Iraqi invasion

amounted to some \$70 billion.

By contrast, the increase in the United Nations' capability to undertake preventive diplomacy which Mr. Evans proposes would cost a mere \$21 million annually.

For reasons not always easy to understand, governments seem loath to examine the comparative cost efficiency of nonmilitary versus military means of achieving security. They think nothing of spending several million dol-lars a year to train a pilot in the professional skills of war fighting, but they typically spend nothing on educating diplomats in the equally professional war-preventing skills of mediation, negotiation, conciliation, conflict resolution, arbitration or judicial settlement.

Despite the end of the Cold War, traditional military thinking, which sees war prevention primarily in terms of deterrence tetains its dominance in the realm of policy-making. This can be appropriate; Hitler and Nazi Germany, for example, needed to be deterred, not concili ated. But in general the balance of resources is skewed too far in favor of military as against nonmilitary approaches to security. Glodal delense dudaets still co

a thousand billion dollars a year. It is doubtful whether global spending on preventive diplomacy reaches a thousandth of that sum.

Mr. Evans argues that only as a last resort should security solutions "be seen as coming out of the barrel of a gun." This does not mean that military defense is ignored.

The concept of "cooperative security" embodies the idea of common security (achieving secu-rity with other nations, not against them) that emerged in Europe in the 1980s. It also embraces collective security, the idea that the international community should collectively respond to acts of aggression against one of its members. Such a response is enshriped in the UN charter.

Both common and collective security focus primarily on military questions, but the central thrust of Mr. Evans's approach is toward pre-ventive — nonmilitary — diplomacy, or what the United Nations calls peace-building.

At the international level, the major instruments of peace-building are cooperative regimes and institutions, for example, the Chemical Weapons Convention and the International Court of Justice. The international community has been forced to create new institutions to try to resolve problems that nation-states-cannot resolve on their own. Preventing the spread of weapons of mass destruction, curbing the threat of global warming or addressing threats to the world trading system can be achieved only when countries cooperate. Mr. Evans argues that nation-states "are beginning to learn that their best interests are advanced not by a culture of conflict

but by a culture of cooperation. At the national level, peace-huilding involves long-term efforts to create conditions for stability such as economic development, institution huilding, social justice and respect for human rights. Few would disagree that these are desirable economic and social goals, but they should

also be seen as security goals.

One of the best established findings in international relations research is that democracies do not go to war against each other. This suggests that encouraging the growth of demo-cratic institutions might be a more cost-effective means of promoting peace than boosting national defense budgets. Similarly, economic and technical assistance which succeeds in reducing social tensions may remove a potential cause of war.

The real opposition to the ideas and proposals advanced in "Cooperating for Peace" will come from those whose interests will be threatened by the policy recommendations, Although Mr. Evans is in no sense anti-military, many of his recommendations would undermine the over-privileged status of the armed forces in the global security community.

The stress on strengthening international re-

gimes, particularly the authority of the United Nations, means a diminution in the sovereignty of nation-states. Any such moves are likely to be resisted by those governments which have always been jealous of the prerogatives of soverrighty. Yet the ideas advanced by Mr. Evans offer the world hope for a better future. They deserve serious consideration and debate.

The writer is professor of international rela-tions at the Australian National University in Canberra. He contributed this comment to the

NAFTA and Environment

International Herald Tribune

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Directeur de la Publication : Richard D. Sinonons

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Elitor for Asia: Michael Richardson, 5 Camerhay, Rd., Singspore 0511. Tel. (65) 472.7768. Fax: (66) 274-2334

Mng. Dir. Asia, Rolf D., Kranepubli, 50 Glouveter Rd., Hong Kong, Tel. 861-861-861-861-3673

Mng. Dir. Asia, Rolf D., Kranepubli, 50 Glouveter Rd., Hong Kong, Tel. 861-8610. Fax: 861-3073

Mng. Dir. Asia, Rolf D., Kranepubli, 50 Glouveter Rd., Hong Kong, Tel. 861-8610. Fax: 861-373

Mng. Dir. Asia, Rolf D., Kranepubli, 50 Glouveter Rd., Hong Kong, Tel. 861-862. Fax: (071) 240-254

Gen. Mgc. Germany, W. Lamerbach, Freedricher, 13, 60821 Frendglandt, Tel. (060) 72-67-55. Fax: (071) 240-254

Gen. Mgc. Germany, W. Lamerbach, Freedricher, 13, 60821 Frendglandt, Tel. (200) 72-67-55. Fax: (071) 240-254

Gen. Mgc. Germany, W. Lamerbach, Freedricher, 13, 60821 Frendglandt, Tel. (200) 72-67-55. Fax: (071) 240-254

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Gen. Mgc. Germany, W. Lamerbach, Freedricher, 13, 60821 Frendglandt, Tel. (200) 72-67-55. Fax: (071) 240-254

Gen. Mgc. Germany, Mgc. Gen. Gen. Gen. Ge

International Herald Tribune, 18t Avenue Charles de Gaulle, 9252t Neuilly sur-Seine, France.

JOHN VINOCUR, Executive Editor & Vice President

Environmentalists, accustomed to unified struggles against common enemies like air pollution and Ronald Reagan, have fallen to fighting among themselves over the North Ameri-can Free Trade Agreement. Grass-roots or-ganizations like Friends of the Earth say it will create a polluters' paradise in Mexico and degrade America. Mainstream groups like the National Wildlife Federation say it all but rantees a cleaner Western Hemisphere. NAFTA's critics are even more littery now that a federal appeals court has ruled that the White House can forward the agreement to Congress without an environmental impact statement. A careful reading should ease their worries.

No previous trade agreement tackles as many pollution issues. The General Agreement on Tariffs and Trade, the basic document governing international commerce, does not even mention "environment." NAFTA includes numerous environmental protecnons: a side agreement makes them even stronger. Mexico is more likely to become a cleaner country with NAFTA than without NAFTA's opponents raise three main complaints, all overstated.

NAFTA undermines laws. Critics say the agreement threatens global environmental trea-ties as well as stiff U.S. laws that, they fear. could be challenged by either Canada or Mexico as unfair barriers to free trade. But NAFTA explicitly protects the international pact pro-hibiting illegal trade in wildlife, the Basel Con-vention against shipment of hazardous waste. and the Montreal Protocol phasing out producnon of ozone-destroying chemical

NAFTA also protects the right of each country to set any standards it wants as long as the standards seek a "legitimate" environmental objective, are based on scientific data and apply to foreign and domestic products alike. NAFTA won't clean the border. The boundary between Mexico and the United States is undeniably a cesspool. "Dirty" U.S. industries like petrochemicals have flocked to the border zone because, under Mexican law, the goods they manufacture can be shipped back to the United States duty-free NAFTA addresses the border problem in two ways. First, the side agreement promises \$8 billion for water and sewage treatment, although the money has yet to be appropriated. More important, all of Mexico will become a duty-free zone under NAFTA, thus removing any incentive to concentrate industry on the border.

NAFTA will run Mexico. Mexico has strong environmental laws but rarely enforces them. Thus, critics say, America's dirtiest industries, tempted not only by lower wages but by regulatory indifference, will now infest every nook and cranny of Mexico. But NAFTA explicitly bars all three parties to the agreement from creating "pollution havens" by waiving or ignoring environmental laws for the purpose of seeking investment. The trick is to ensure that this pledge is bonored.

To that end, the side agreement sets up a three-nation commission; any country, or private group like the Sierra Club believing that a country is not enforcing its laws, can com-plain. If the commission finds a pattern of violations, it can impose fines of up to \$20 million on the offending country, and if that does not work it can invoke trade sanctions The procedure is cumbersome and hardly foolproof, but at least it will bring to bear international pressures that do not now exist

NAFTA will not turn Mexico, Canada or the United States into a preindustrial paradise. It

- THE NEW YORK TIMES.

By Philip Bowring

China and Brazil: Favelas Around Beijing and Lift-Off for Rio? * HONG KONG — Perhaps Beijing is fortunate not to have got the Olympies. By the year 2000 it seems quite possible that the city, which has undergone dramatic mod-emization in the past decade, will be surrounded by shantytowns that will

dwarf Brazil's infamous favelas. This is a conclusion drawn from a comparison of the Chinese and Braft seems odd to suggest that China.

the fastest growing major economy of the past decade, might be heading in same direction as last-place Brazil. But just as Brazil can obviously learn much from China's success, so China can learn something from an economy which, however badly managed in recent years, is significantly more advanced.

Brazil's per capita GNP is more than double even the highest esti-mates of China's as measured by international purchasing power comparisons recently given en-banced status by the IMF.

A Beijing ringed by favelas is not necessarily the gloomy prospect it

may seem, to would be the result of freer movement of people. Why should not the dirt poor farmers of Shanxi decide, like their counterparts from Brazil's drought-plagued north-east, that they would rather live in a shack on the edge of a great dry than scrauch a bare subsistence from poor soil? Already Beijing has 20,000 beggars, according to official estimates, and "informal" employment is grow-ing faster than the formal.

The income gap between Brazil's formal urban sector and its most depressed rural areas, which has earned it the description "Belgium in India," is greater than anything in China. However, the gap in China is widening fast. What is more, the potential for urban drift is all the greater because the current degree of urbanization is only half that of Brazil.

China has the advantage of a successful small to medium rural industry sector that helps raise local incomes to counteract urban drift. But achieving the continuous strides that China needs in land and labor productivity is becoming harder. Brazil, with its extensive land and fairly capital-intensive agriculture, should find

well above population growth, higher though that is in Brazil. The urban/rural dilemma has been getting much attention in the Chinese press, with appeals for more emphasis on rural industries. As market-based reform continues, though, capital is likely to flow to urban and coastal

it much easier to keep farm output

areas where returns are highest The dynamism of the coast owes much to China's opening up to forsign investment in labor-intensive manufacturing. Brazil lacked the advantage of Hong Kong and Taiwan entrepreneurs on its doorstep, but de-fensive import-substituting attitudes were partly to blame. He ever, while China now faces major problems in further raising its global market share in labor-intensive manufactures. Brazil shows signs of being much more

competitive in many middle techno-

who rates of GNP growth were similar to those of China today. Few are highly competitive internationally. Unlike their counterparts in Korea and Taiwan, many are foreign-owned and Taiwan, many are foreign-owned and reluctant to export. But these industries are generally in better shape than their Chinese counterparts.

Manufactures still comprise only 60 percent of exports, but value added is very much higher than Ior Chinese exports, which are mostly simple accomply constitutes. assembly operations. Exports as a

logy products such as auto parts. Brazilian tariff reform and now

privatization are reshaping much of the import-substituting, often state-owned industries which drove Bra-

zil's expansion in the 1960s and '70s

percentage of GNP are only half the hinese level, but their import content is very low.

Compared with China, plants are more modern and the state sector relatively very much smaller. Over-manning and subsidies, although still serious, are nothing like as severe as in China and are being addressed

through privatization.

Brazil's physical infrastructure is less stretched, but its social infrastructure is woeful - lagging behind China's in health care and not much better in education, where it is light-

years behind South Korea.
China's inflation problem is a mere fraction of Brazil's institutionalized byperinflation, and is a product of economic success, not failure. But there are elements in common which

underline the need for China to get to grips with the problem before it becomes endemic. One cause of inflation was the political need to monetize the losses of state enterprises. Over time in Brazil this created such a buge deht service hangover that curing the original problem is not sufficient.

A second cause was that the power of state governments compared with the mechanisms of the central monetary authority resulted in their creating credit via local banks, China has a

similar prohem.

Highly damaging though it is for investment, Brazil's sophisticated inflation indexation system and high real interest rates have kept the sav-ings rate surprisingly high. China's savings rate recently has been even higher, but it may be vulnerable to low real interest rates.

Brazil has begun to attract foreign money after a decade of outflow, but China is attracting five to six times as much. Yet the profitability of direct investment in China remains debatable, and the institutional mechanisms uncertain. Brazil has mostly provided high returns with lower risks than its domestic political mayhem, its infla-tion, its laid back lifestyle and its debt

rescheduling may suggest.

Perbaps significantly, Brazilian flight capital is beginning to move back home. Mainland Chinese money seems to think the grass is greener (or safer) overseas. Are we going to see another reversal of roles?

International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Shooting Gallery

NEW YORK — A stranger, seedily dressed, entered the gallery of the Board of Trade in Chicago this afternoon [Sept. 27] and began uneasily to pace up and down, watching the crowd of excited brokers in the pits below. It was noticed later that he became nervous and agitated, and advanced to the centre of the railing. Then he jerked out a revolver from his pocket. Aiming it at the growd below. he began shooting rapidly. Mr. Tom Barrett, a well-known local athlete, dashed upstairs, and with a welldirected blow knocked the shooter down. A cowboy visitor, who had been watching the cavorting bulls below, took a hand with Mr. Barrett and dragged the stranger out of the gallery. Several traders were hit, none fataliy.

1918: Bulgarian Plea

PARIS - Bulgaria has asked for an armistice as the first step to peace. With General Franchet d'Esperey's

all-Allied army driving the Bularo-German armies in headlong retreat and the British already treading Bulgarian soil, Tsar Ferdinand realizes there is no time to be lost. The fact that be has taken the decisive step proves not only that his troops are beaten in the field, but also that he distrusts the temper of his subjects.

1943: A Candid Warning WASHINGTON - [From our New

York edition: The nation's military chiefs bluntly warned a conference of 200 industrial, labor and newspaper leaders today [Sept. 27] that recent victories of the United Nations have failed to affect Axis strength in any vital degree and that there is no likelihood of an early collapse of Germany and Japan. This warning was tem-pered with an assertion by Lieuten-ant General Joseph T. McNarney, deputy chief of staff, that "the buildup period preparatory to decisive ac-tion is here, and we can strike the enemy when and where we choose."

B UENOS AFRES — On my ra-By Pepe Eliaschev simply seeks to protect the environment against phone lines for listeners to call in. Twice last week, an anonymous the economic explosion that NAFTA is supposed to let loose. Those who claim otherwise have not done their reading. cy. Argentina has not been able to caller told a producer that my sons

and I would be killed for being "enemies" of the government of President Carlos Saul Menem. Tell him to shut up and stop

criticizing the government," the man said. "The Jew son-of-a-bitch." Until then, I had been lucky. Two reporters were beaten in Buenos Aires in the last month, one of them after publishing articles linking the governing Peronist Party to extortion rackets.

Two other journalists were re-cently threatened, including one from the daily El Tribuno who is investigating police activities. Many other colleagues have been living under a cloud of threats. Most people say that Argentina

has advanced a lot in the last four

years. True, the state has reduced its role in the economy, the power of the military has been out and the government has aligned itself with he world's democratic powers. So why are Argentina's media under attack? And can the legal system mete out instice at a time

Argentina's Rising Cloud of Threats

erase the violence in its political life. In 1983, it emerged from more

Mr. Menem never dissociated itself from the violent nationalists who opposed democracy and the prosecution of buman rights violators. After his election in 1989, Mr. Menem took surprising steps. He abandoned protectionist policies,

tried to improve his party's profile. But not all members of his party changed so easily. As we approach crucial parliamentary elections on Sunday, Mr. Menem seems to be

Terrorists have operated with relative impunity. In March 1992, the Israeli Embassy was bombed and destroyed; 28 people died. Not a single suspect has been arrested.

During the recent campaign of threats and attacks against journalits impotence. On Sept. 16, Mr. Menero said that such attacks were

five interior ministers in four years.

The government has shown contempt toward aggressive journalists investigating government corrup-tion. Mr. Menem coined the phrase journalistic delinquents," which he freely applies to any reporters This attitude surely contributed to

emment is hlameless. Menem was raised in the Argentina of the 1950s. Militant Peronism He evidently does not understand

مكذا من الأصل

when judges have no real independence from the executive branch? Even after 10 years of democrathan seven years of military dicta-torship, which ruled the country through a merciless, dirty civil war. In 1983, the Peronist Party suffered its first electoral defeat at the hands of the Radical Party, which then tried to prosecute those guilty of electoral abuses.

The branch of the Peronists led by

sold state companies, sought better relations with the United States and

moving closer to the violent fac-tions of Peronism, The basic reason is that Mr.

taught him a way of life.

the importance of separation of the executive and judiciary branches. In 1989, he added three judges to the Supreme Court, thereby gaining political control of it and wide influence over the justice system.

The government's security efforts have been ineffective. We have had

ists, the government has admitted

not on the government's payroll. the call to my radio show. Each of us is threatened: I don't think my gov-

"occupational hazards."

The writer was an editor at The Associated Press in New York from 1975 to 1979. He contributed this comment to The New York Times,

dere Deterre

Lift-Off for!

O P I N I O N

Whatever Health Care Costs, Don't Let Freedom Suffer

By William Safire

WASHINGTON — Within a few years, health insurance will be universal and irrevocable in America:

Reality No. 1: The four ont of five Americans who are presently covered will have to pay for the fifth person's insurance: That is logically inescapable. Four must pay for five.

Let us not be misled by phrases like "employer mandates"; that means only that the cost of a payrell will see and be

that the cost of a payroll will rise and be paid by the consumer. In the same way, "government subsidies" to small business, and to the unemployed, means

To claim that the cost of universal coverage will come out of bureaucratic savings' or reductions in paperwork is to hypnotize yourself.

that the cost of insurance will be paid by the taxpayer. The consumer and the

axpayer are the same person.

The huge new benefit — the social justice of changing charity to an enti-tlement — will have a price. President Bill Clinton would have us believe that the cost of insuring the fifth person will be made up hy eliminating paperwork, by rejiggering present federal programs for the elderly and poor, and by ex-tracting \$365 a year from the pack-aday smoker. (About time the poor paid their fair share.) That cost concealment is a fraud that betrays the promise of

health insurance reform.

Reality No. 2: Republicans buddling in secret conclave have decided not to

be out-compassioned by anybody.

The party line is to embrace the president's goals, to remember Richard Nixon's plan and declare bealth to be "above politics," and to suggest that minor differences in the details of approaches will be ironed out in congressional hearings. That concealment of principled opposition is also a fraud; we should not be fearful of constructively opposing the wrong means to

Reality No. 3: The Clinton plan imposes price controls. Its choke point on a free economy is the insurance premium: Put that in Washington's hands, and the Feds dictate everything from the price of bypasses to the price of aspirin. Most people like the idea aspirin. Most people like the lidea of price controls until they are faced with the shortages and black markets and rationing—and wage controls—that always follow.

Mr. Clinton's proposed price control dares to be aboveboard on new drugs.

By putting researchers on notice that a

supreme court of health will determine the price of newly developed medi-cines, the Clintons have chosen to in-hibit private investment in potential cures for AIDS, brain diseases, cancer or the common cold. If there is no big profit payoff, there will be no corporate roll of the dice; that is capitalism.

The last thing reform should do is reduce the current investment in

new drugs that may curtail expensive

hospital stays.

Reality No. 4: Buyers' cooperatives usually contribute to competition, realizing savings by buying in bulk; but the Clinton co-ops—called "alliances"—are to be state monopolies, not subject to competition from other co-ops. Government-directed monopolies are in-herently bureaucratic, and no govern-ment operation is purified by failure; the person who loaded the wrong speech into Mr. Clinton's TelePromp-Ter was not fired for incompetence. To claim that the cost of the fifth person's

coverage will come out of "bureaucratic savings" or paperwork reduction is to hypnotize yourself.

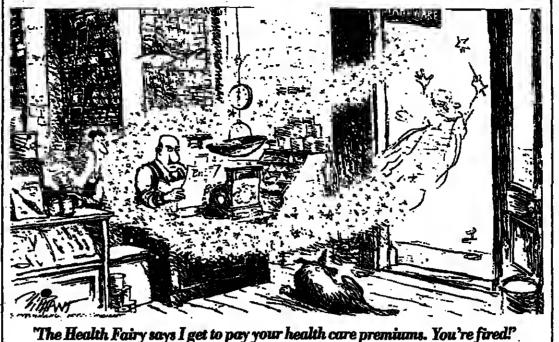
Reality No. 5: Notwithstanding the previous realities, the Clintons have touched the nation's guilty conscience: The poor should not have to choose between food and medicine. "Pre-existing condition" are dirty words. Emergency-room care is wasteful. Forms can be standardized. Malpractice threats that trigger expensive tests and doctors' insurance costs should be curbed.

Reality No. 6: The heat is on conservatives not to merely tinker with a statist plan, but to come up with one that protects individual choice. Senator John Chafee, Republican of Rhode Is-land, has a voucher-based plan on the table whose costs are more readily accountable and where the quality of today's care is less diluted.

Who will espouse the alternative that emerges? Dr. Bernadine Healy left liberal Senator Jay Rocketeller an expos-tulating wreck on Sunday's NBC Brinkley show; before any of us de-cide on bealth care, we should be educated by a formal two-hour televised debate between Dr. Healy and Hillary Rodham Clinton.

Remember: Nothing is for nothing. The generous four will pay to cover the lifth person with higher taxes, higher prices and higher premiums. Let's not also pay in our personal freedom by lurching toward a command economy. The New York Times.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's sig-nature, name and full address. Let-ters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.



And Cast Out the Leeches By Daniel S. Greenberg cies. Every year, hundreds of thousands

Beware Medical Wizardry

WASHINGTON — Americans will W have to face up to a little-dis-cussed challenge if health care reform is to succeed; They will need to moderate their faith in medical wizardry. Otherwise, it will be impossible to hold down the costs that threaten to break the na-tional bank, even while millions of people are priced out of the medical market. Many widely used health-care techniques have never been subjected to inde-

MEANWHILE

pendent, objective analysis to determine their value for patients. When they are examined, the results in many instances run counter to medical and popular confidence in the progress of health care.

A recent example concerns routine onograms in uncomplicated pregnan-

French and Russian apologists were be-

ing given a tough time. The way out: The age-old Somali civil war had to be con-

verted into the most urgent problem in

the world, President George Bush readi-

ly agreed, in part, to bequeath a rotten

egg to his opponent and successor.

President Bill Clinton should realize

that dropping smart bombs on Serbian artillery is a lot smarter than assisting Secretary General Butros Butros Ghali

in reinforcing the "ugly American" image in the Third World.

RICHARD G. KERSCHHOFER.

of women undergo these tests, at an average cost of \$200 per procedure. The tests can reveal abnormalities, and are anxiously sought by expectant parents. But abnormalities often are revealed at such an advanced stage of pregnancy that most women decide against abortion. When researchers compared the preg-

nancy outcomes of those who had undergone routine sonograms to those who had not, they found virtually no difference in the numbers of birth defects or problem deliveries. The striking differ-ence was in costs — which could add \$1 billion a year to the national health bill if all women had sonograms.

Another example of dubious proce-

dures concerns beart attack victims who do not respond to emergency treatment. Should they be rushed to a hospital? A recent study in Memphis and Houston concluded that the chances of survival are "virtually nil" for heart attack victims who do not respond to emergency treat-ment outside a hospital. "All of that time and money is spent for little or no benefit in overall survival," said one researcher.

opinion was insisting on military action against Serbian aggressors. British, "This is difficult to justify any longer."

Many treatment methods gain a foothold because they seem marginally beneficial, or nothing better is available. Once they become established in daily practice, habit takes over. The process is often abetted by glowing press reports.

Complex surgical treatment for pros-

tate cancer, for example, has in recent years been hailed as an important medi-cal advance. But recent studies indicate that the procedure adds little or nothing

to life expectancy or quality of life.

The study of what works and what doesn't in medicine — known as "out-comes" research — is underdeveloped, costly and regarded with disdain by en-thusiasts for various procedures. A small government organization, the Agency for Health Care Policy and Research, supports outcomes research. But its resources are puny against the vast number of techniques and procedures that have become

standbys in the practice of medicine. The confidence that a trusting public bestows on the health-care industry is often justified. Modern medicine can claim a good record in the miracles department. And a large majority of Americans, polls show, like their health care and expect it to perform well.

But with health care costs becoming unbearable, the least painful step is to

rid the system of costly delusions.

The opinions of medical practitioners ment careful consideration. But let us not forget the countless patients sent to early graves by well-intentioned hut misguided practices. We recoil in disbelief at the durability of the leech as a mainstay of medical practice. Dispassionate research suggests that modern equivalents of the leech are not absent from contemporary bealth care.

MAURICE BAIRD-SMITH.

LETTERS TO THE EDITOR

Voices for Peace

Regarding "Economics Won't Be Enough." (Sept. 24) by Jerome M. Segal: I never expected to read such an hon-

est and sympathetic accounting of the Palestinian perception of the Middle East conflict as that written by Mr. Segal. What I found particularly encourag-ing is that Mr. Segal is actively involved in the Jewish peace effort. With calm and reasoned voices like his, peace in the region has a good chance of success. SIOBHAN O'GRADY.

Another Look at NAFTA Regarding "NAFTA Looks Bad for U.S. Jobs and Wages" (Opinion, Aug. 25)

by Harley Shaiken: Mexico in recent years has engaged in

deep reforms that are geared toward (1) stimulating economic initiative and innovation, (2) significantly improving working conditions and (3) enforcing environmental laws.

The Mexican automotive industry, as an example, has achieved average annual sales surpassing \$26,000 vehicles, of which some two-thirds are national sales; this means that at least 550,000 Mexicans are somehow able to afford them.

In agriculture, the life of the ejidatario, or land tenant, has considerably improved. He now has the option of acquiring the land he cultivates.

Mexico's environmental budget increased by a factor of nine in two-years. Within Mexico City, the government has gradually replaced the old pollutionspewing buses, prohibited private cars

U.S. jobs and wages. U.S. exports to thoroughly examined more than 600 of Mexico have nearly quadrupled since our children, and not once has there 1988, to \$40.6 billion last year. Accord-been any evidence of abuse. ing to the U.S. Commerce Department, 800,000 American jobs are directly related to exports to Mexico, two-thirds of them created since 1987.

All studies indicate that NAFTA will improve the welfare of citizens of Canada, Mexico and the United States. NAFTA does not ignore jobs, it creates them, it does not ignore incomes, it in-creases bying standards, it does not ignore the environment, it offers a program for environmental protection.

The fact is, NAFTA is a model of cooperation between industrialized and eloping countries.

CHRISTIAN de FOULOY.

The Family Record

Regarding "Raids in Buenos Aires Round Up Sex Cultists" (Sept. 3): The Family is a worldwide fellowship

of Christian, evangelical missionaries whose beliefs are based upon the Bible. References to our being a "sex for salvation sect" are false. While some of our detractors may be alluding to a controversial outreach method dubbed "Firty Fishing," all

such activities ceased six years ago.

Regarding alleged pornographic videos reportedly found in our communities: Pornography of any kind is strictly forbidden. If any such video tapes were

found in the Buenos Aires homes, they

were planted there. As to allegations of child abuse, our church policy mandates that any adult guilty of having sexual contact with a minor be immediately ousted. Worldfrom driving in the city one day a week and required cleaner-burning gasoline.

NAFTA, if anything, looks good for wide, court-appointed officials have

professionals who have studied them in locations on several continents have all concinded otherwise.

After a week of intensive study of The

As to allegations that our children are

emotionally disturbed and socially mal-adjusted, the numerous academics and

Family's lifestyle and its effect on our children, Dr. Lawrence Lilliston, chair of the Psychology Department of Oak-land University in Michigan, asserted, "It is in fact difficult to imagine a healthier, more growth-enhancing mi-lien than exists in these homes."

Our homes are open to the public. If you would like to know more about our fellowship, please call us to arrange a visit to one of our communities.

PHILLIP EDWARDS, Cambridge, Massachusetts,

Irritated by Clinton

Regarding "At a Town Forum Clinton Hints at Possible Extra Taxes" (Sept. 25): I am not certain which I found more rritating: President Bill Chinton's continued pretense that be will not increase taxes to pay for universal health care or his high-handed, demagogic response to woman's moral concerns about taxfunded abortions ("If every pro-life advocate in this country adopted a child, this world would be a better place.") RICHARD W. DEMAREST.

The Why of Somalia

People wonder why United Nations forces remain in Somalia. Consider the history: Last fall, world Try It With Cuba What has been achieved by intelligent

secret diplomacy — the first steps being taken toward peace in the Middle East leads me to hope that similar progress can be made toward a settlement of the Cuban situation. Everybody knows that the moment the Berlin Wall was torn down and the

Soviet empire started to disintegrate, Fidel Castro's days were numbered. His island ceased to enjoy Soviet patronage and no longer posed a military threat to the United States. As with the Israeli-PLO agreement,

there would be strident criticism from both sides of any U.S.-Cuban negotiations. This is to be expected. But in the long run the normalizing of U.S.-Cuban relations could only bring prosperity and progress to an island that cannot possibly continue on the path Mr. Castro vainly tried to set for it.

Daniel S. Greenberg.

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BOOKS

THE MORNING AFTER: Sex, Fear, and Feminism on Campus

By Katie Roiphe. 180 page. \$18.95. Little, Brown.

NOT GUILTY:

The Case in Defense of Men By David Thomas. 255 pages. \$20. Morrow.

Reviewed by Cathy Young

WHETHER or not the 1980s were the backlash decade, the '90s have emerged as the decade of the sex wars: Anita Hill, the date rape crisis, "Thelma and Louise" all symbols of the evil that men do to women. Now, two very different voices tell the other side of the story. And in their own ways, "Not Guilty" and "The Morning After" send the same message to women and men: We're all fallible humans beings, and we should stop the blame game and take responsibility for how we treat others and our-

As a Princeton graduate student, 24-year-old Katie Roiphe writes from the trenches of gender war-fare. The Morning After: Sex. Fear, and Feminism on Campus" is a clearheaded, wry, disturbing look at the radical feminist obsession with sexual victimization and at the effect this has on the younger gen-

For many college women - or girls, as the irreverent Roiphe often calls them - ritual recitation of alleged abuse at a Take Back the Night rally becomes a morbid rite of passage. (The story can be one of violent rape, or sex after too many beers, or being improperly touched while lying on a couch with a male friend.) In class, a poem about a torn balloon is unanimously pronounced to be a rape metaphor. "Radical cover-girl chic feminists" rail against "the male gaze" while doing their best to attract it. An "anti-sexist" young man says, al-most apologetically, "Frankly, I don't think sexual attraction to a

woman is bad." For all its radical trappings, Roiphe finds that the rhetoric of anti-rape activism is permeated with retrograde stereotypes ("then are lascivious, women are innocent") and archaic images of female purity defiled by male lust. The traditional view that women are fatally damaged by loss of chas-tity is reflected in the notion that

To our readers in Vienna and in Sabburg

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ma. The "survivors" of today "may worry more about their self-esteem than their virtue, but they are still attaching the same quasi-religious value to a physical act."

Having grown up believing in feminism as a celebration of female antonomy and strength, Roiphe is appalled by the assumptions of passivity and frailty implicit in the notion of rape by "verbal coercion," by the paternalism of attempts to protect women not just from sexual blackmail but from sexual innuendo.

This chilly sexual climate is not solely the result of radical feminism: Roiphe acknowledges such more timeless sexual fears of losing women should he treated as control and being burt. At times, she sounds nostalgic for the days when simple encounters of "joyful, loveless sex" were possible (wisely adding, "at least in theory"). Yet the '60s ideal of sexual liberation may not be that distant from the neo-feminist ideal of sex without ambiguity, tension or power play that Roiphe finds so utopian and

True, the sexual revolutionaries demanded freedom where the neofeminists clamor for control. But could there be a connection be-tween the naïveté of the belief in joyful uncomplicated sex and the bitterness of disillusionment? The central themes of "The

unwanted sex - even without force Morning After" - the expansion causes women irreparable tran- of the concept of rape, the paradox between the flaunting of female sexuality and spinsterish horror at male sexual expression, the guilt-ridden "pro-feminist" men — are echoed in a quirky, somewhat muddled, provocative book by the Britisb journalist David Thomas, "Not Guilty: The Case in Defense of Men."

Thomas argues that feminists have exaggerated the power of men and the powerlessness of women in traditional arrangements (and he's right, though he lapses into the op-posite error). But whike such male critics of feminism as George Gilder, Thomas is no gender-role tradi-tionalist: "The guiding principle factors as fear of AIDS and the behind this book is that men and

women do rather more." Some may detect acrimony in Thomas's accounts of abusive behavior by women, despite repeated protestations to the contrary. Yet nhimately, the book is a plea for gender peace, urging men to "stop being bullies on the one hand, guilt-ridden apologists on the oth-

What irks him is that rather than

champion the equal bumanity of the sexes, radical feminists seek to

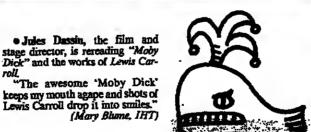
deliminanize men. He stresses that

he is not denying the existence of male abuse of women, only claim-

ing that "men do rather less harm

than is currently believed, and

Cathy Young, author of "Growing Up in Moscow," wrote this for The shington Post.



WHAT THEY'RE READING

CHESS

Poor Jan Timman. Here he was scheduled to start his Interna-

tional Chess Federation world title match with Anatoly Karpov on Sept. 7 and he lost his training match to a grandmaster from Greece, Spyridon Skembris.

By Robert Byrne

The pawn sacrifice with 6...b5!? 7eb cb 8 Nb5 Qb6 9 Nc3 is over 20 years old. Black obtains active piece play and an initiative diffiicult to put down. After 9. Bb4 10 Be2 0-0, Viktor Korchnoi, in The Encyclopedia of Chess Openings," recommends that White hold his pawn with 11 Qd1 Ne4 12 Bd2. Zoltan Ribli and Gabor Kallai, however, in "Winning With the Queen's Indian Defensa," argue that after 12. Bc3 13 be (13 Bc3 Nc3 14 bc Qb2 15 Nd2 Nc6 16 Qcl Rab8! yields Black positional pressure) Nc6 14 Rbl. (or 14 0-0 Qb2)

Oa5 is strong for Black. Skembris, siding with Ribli and Kalisi, returned the pawn with 11 0-0 Bc3 12 bc Be2 13 Rel Bb5. This is considered to be nothing for White after 14 Qb3 d5, as in a Milan Vukic-David Bronstein game in Sarajevo, 1971. Had Skem-bris worked out some thing new? Timmen's new move, 14...Bc6, eaves us in the dark.



Position after 24... Nc2

Skembris seized the opportunity to increase control of space with 15 c4, and after 15...Na6 16 Bf4, he threatened to initiate operations on the h file with 17 Rabl Timman yet after 17 Be5 d5 18 Bi6 gf, the black kingside was weakened to en-courage Skembris to attack with 19 Qe3 and 20 Qh6.

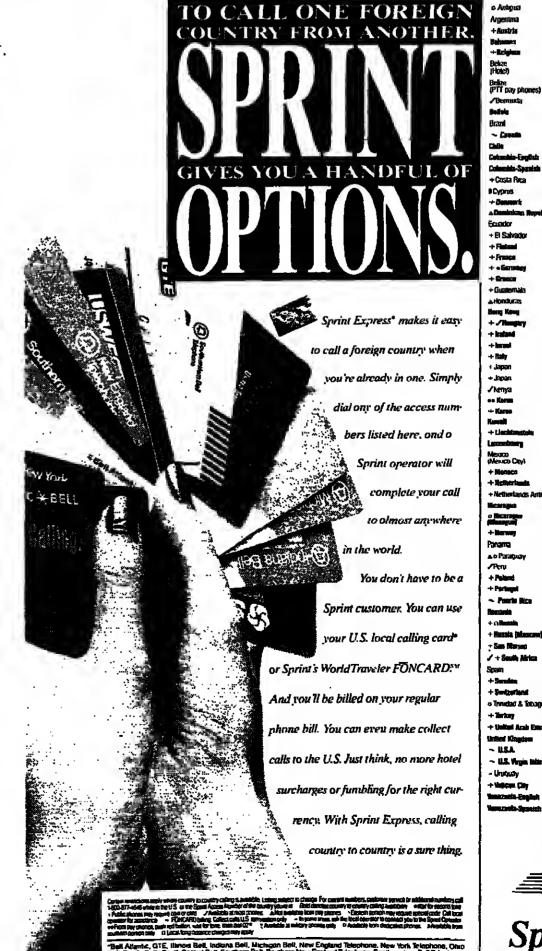
Meznwhile, Timman produced counterplay with 19...Nd4. But Timman should have played _20_Nc2!, when 21 Rabl Qd8 22 Rfdl (22 Rc2 Nd4l wins for Black) Na3 23 Rb7 No4 is very strong for

Black. Because of these possibilities, Skembris would have had to run for a draw with 21 Re4! de 22 Ng5! fg 23 Qg5 Kh8 24 Qf6, which starts a repetition of position. Yet Timman, prevented the draw with 20...Qd8? And Skembris came at him with 21 Nh4!, incidentally preventing 21...Nc2? in view 22 Re4! de 23 Be4 i5 24 Bf5! ef 25

Nf5!, winning outright. On 21...Bg2 22 Ng2!, Timman could not play 22...Nc2 23 Nf4 Kh8 24 Nh5 Rg8 25 Nf6 Rg7 because 26 Red! Nal 27 Rh5 forces 27_Qg8, dropping the queen. After 22_Kh8 23 Nf4 Rg8 24 Rabl Nc2, Skembris dropped the bomb, 25 Ne6! Since 25...fe 26 Rb7 forces mate and 25...Qe7 27 Ng5 Qel 28 Rel fg 29 Qf6 winds casily

for White, Timman gave up.

OUDERN'S INDIAN DEPENSE のでは、 のでは、







offer two contrasting visions of fashion now: the artful simplicity of couture brought up

Zoran, with his models: "I don't use all those old-fashioned dummies. I make the proportions of the body."

Hervé Leger, and mannequins: "I am completely against floppy fashion and grunge because it is not attractive."

nal Herald Tribune ONDON — Zoran Ladicorhic (just call him Zoran) is adjusting a black cashmere sweater so that it dribbles over a bared shoulder, runs over the body and

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uncluttered is the American way," Zoran says. "I imagine and analyze in my mind — I don't use all those old-fashioned dummies. I make the proportions of the body, everything in ooe size. The Euro-pean mind is still living in the 19th

Zoran has become a prophet in his own fashioo lifetime. In 1976 he stated his philosophy of minimalism and became the Mies van der Robe of clothing as he sent out hasic elements of American says, is never to sportswear in luxurious fabrics. His less-is-more clothin cashmere sweater, satin T-shirt, simple pants and collarless cardigans - built up a cult following ity - these are all American before his style was eclipsed by the extravagance of the 1980s. In the penitent 1990s, Zoran, with his black beard, black sweater and

"I am someone who was always going against the wind," he says. This most reclusive and recalcitrant of designers was in London last week to celebrate 18 years of collaboration with Browns boutique and its owner, Joan Burstein, who had found Zoran in his bare SoHo studio and stuck with his plaio, ocutral-colored clothes

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flows into the oyster satin skirt signer himself, in a fit of the prick- All the prostitutes. A woman who "Simple shapes, comfort and of the major American stores in 1983 (he sells at Barneys) and con-

centrated on a private clientele that includes Isahella Rossellini, Lauren Hutton, Candice Bergen and Queen Noor of Jordan. What is modern for Zoran, 46, brought up in the European tradicentury. Americans accept what is tion but anchored in New York?

words," he says, praising the sleek sportswear of Calvin Klein, Donna Karan and Anne Klein, "It is simplicity in fabric and way of cut.
You cannot produce complicated
clothes or spend 10 days making a
dress. Mine is all done by scaling black pants, seems like the foundiog father of the modernist cult. measurements. I use the body as the land, as when huilding a

The teatime show in London offered Zoran's deceptive simplicity that comes from cutting a black crepe dress on the bias so that it slithers into a cowl at the hack, or making a skirt swaddling the hips through the opulent 1980s. The deand knotting at the front.

The only games are with pro-portion, like the brief cabled sweater standing away from the body at the waist. Or there are plays on color and texture: a dis-creet sparkle of lame lining chif-foo pants; a soft alpaca coat butting black velvet pants; an oyster satin top contrasting with mat-black chiffon pants. The fit is always loose and easy and all the sensuality is in the tactile and lux-

"Comfort, simplicity, practical-

Luxury, Zoran

urious labrics. "Clothes should never touch the body — when they show the body, when everything is revealed it's vulgar," he says, decrying the flaunt-it 1980s. "Who wore tight clothes?

withdrew his clothes from most had married and had children never went on the streets showing her

> Zoran dismisses them as "young and athletic - they are not fashioo." He insists that modern clothes must be wearable throughout the business day, travel well and work for a woman wbo "can wear anything she wants. She is intelligent and she is deciding."

It is a fashion cooundrum that minimalism works only if the de-signer is using the classiest materials. Zoran's clothes are inevitably expensive - \$600 sweaters and a

"She knows that she can wear it for the years - then the value is justified," Zoran says.

"No human being refuses luxury - but you have to remember that you have to pay for it — and you cannot complain that it is too expensive," says the designer, claiming that he can tolerate only cashmere co his body and that he rejected wool, even as a child in Europe skiing, as "like a Brillo

Luxury, he says, is "never to be irritated. His coats may have boods framing the neck in soft folds, but they are oever encum-bered by collars. Starch to him "is

The French idea that you have to "suffer to be beautiful" is anathema to Zoran — a throwback to the era of corsets, before women exercised to maintain the body and knew what to eat. It is also part of a fashion philosophy that belongs to the old idea of Europe and to a previous era.

"There are always big changes at the end of the century — think of cubism, when the fashion for modemism started in architecture and art," he says. "I am not the label of the 1990s, but the beginning of the

Suzy Menkes

By Suzy Menkes International Herald Tribune

ARIS - Herve Leger is watching a seamstress stitch one of his signatore haodage dresses. Straps a finger-span wide mammify a mannequin, the wrap and crisscross tech-nique creating a curvy little dress—like the one that Princess Stéphanie of Monaco wore to the Cannes film festival

"The notion of seduction is somethiog indispensable." says Leger. "Feminism has done good things, but women have lost the power of seducing. Not every woman wants to wear a jogging suit." Leger is opening the most discreet fashion store in Paris

this week. It is on Faubourg Saiot-Hoooré, but up ooe flight, behind closed deors. There the 35-year-old designer has created a salon in the traditional sense - rococo gilded mirror, walls painted with a Gauguin-esque sunset, billow-ing lavender taffeta curtains, wallpaper depicting a Florentine landscape. Yet all that is laced with modernity: an Andree Putman lamp, a graphic checkerboard carpet and mannequins in a rainbow coalition of vivid colors.

The decor is symbolic of Leger's clothes, which are traditional in construction but modern in spirit. Although the dress that molded Iman's body when she married David Bowie was made to order, Leger works not just in couture but also sells an off-the-rack collection. He picks out his favor-ite jacket, fitted snugly to the torso, lightly padded at the hips to emphasize the small waist. Other jackets are black crepe with a spider's web of seams and pockets emphasiz-



Princess Stéphanie, in Leger's pink-and-black bandage dress, with Michael Jackson at Cannes.

ing the bosom, or long and sleek with pinstripes worked in chevrons. They cost around 7.500 francs (about \$1,300).

The clothes are a complex grid of pattern pieces and stitches, but the overall effect is simple and streamlined.

"I believe in modern luxury, which means comfort and quality," he says. "You can't fight Gap, the Limited and Kookai — these people are strong and their clothes are good. But I want to do luxury - in my own way." Ten years ago, Leger was on

a high, creating the ready-to-wear collections at Chanel after working with Karl Lager-feld at Fendi. He had come to Paris from a small town, where his passion was the cinema run by his uncle. A spell with the designer Tan Giudicelli had led to the collaboration with Lagerfeld, which ended after two years at Chanel amid rumors that the protegé had let success go to his head. Leger praises Lagerfeld, citing his fantastic culture and tech-

nique," and says only that there was "a difficult period."

In 1985, he set up his own label and built up a young. glamorous clientele from a tiny studio, as well as selling to vent flat for fashion in the 1990s, but Leger's business was backed by Seagram, the owner of Mumm champagne, which decided to invest in the designer in 1992. That backing is behind the new premises at 29 Rue du Faubourg Saint-Honore — a historic huilding where Coco Chanel was coce a

Leger says that he was conbut "wanted people who were understanding, not fashion people, but those who would listen to me and have mutual respect." He does not plan a mighty fashion empire but hopes to do sboes, cosmetics, "because I love colors," and lingerie "because it corresponds to my spirit."

There is something intensely French about Leger's style: a pampered, Parisian elegance that used to mean tecterion out in stiletto heels with a poodle, but now translates as a sophisticated awareness of the body and a discreet sexual allure. He talks a lot about "seduction," and his clothes would not be deemed, for those who care about auch things, politically correct.

"I am designing for a wornan who wants to please and seduce and who wants to be noticed," says Leger. "I don't have a blockage about it or find the idea of attracting men shocking, although 1 detest vulgarity. I am completely against floppy fashion and grunge because it is not attractive. I think that there is still a desire to seduce and that it is a penance to see so many badly

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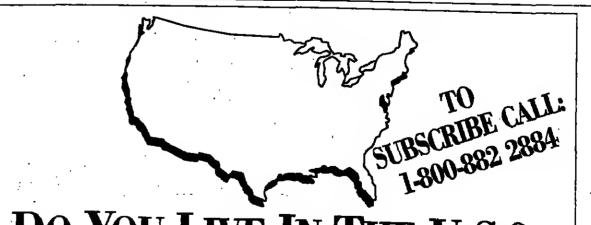
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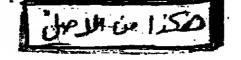
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Global Banking and Finance

Freedom For French Institutions

By Jacques Neber

ARIS — With some of France's biggest banking and insurance institutions set to be privatized, the rules of the game are about to change for the country's financial industry.

By entering the private sector, analysts say, the institutions will be freed up to invest, restructure and find partners for international growth according to their internal strategic needs — and be less subject to the whims of the government. At the same time, with the state's strings to the financial sector becoming detached, the privatizations should result in a more connectivity climate. should result in a more competitive climate that will benefit businesses and consumers, but put additional pressure on already squeezed boutom lines.

The privatization campaign, which involves 21 companies, is to kick off, as early as this week, with the sale of the state's majority stake in Banque Nationale de Paris, the second largest French bank in terms of assets. If all goes as planned, the sale of BNP will be followed by the privatizations over the next few years of another French bank-ing giant, Crédit Lyonnais, as well as the much smaller Banque Hervet and the Société Marseillaise de Crédit.

N addition, the government of Prime Minister Edouard Balladur plans to sell off the three biggest state-owned insurance groups — Union des Assurances de Paris (UAP), Assurances Générales de France (AGF) and Groupe des Assurances Nationales (GAN) - plus the Caisse Nationale de Prévoyance, a specialist in life insurance, and the Caisse Centrale de Réas-

surance, which focuses on reinsurance, The privatization program should lead to a host of changes in the ways the big banks are managed and the strategies they pursue, particularly as the need to shore up the bottom line for investors becomes a primary

"I expect more layoffs and a cost squeeze at BNP," said Marie-Laure Favre-Gilly, analyst at Baring Securities in Paris.
Indeed, Michel Pebereau, who became chairman of BNP in May, has said he in-

vast 2,000-branch network, particularly in Continued on page 16

tends to streamline and refocus the bank's



In Japan, Fears of a Meltdown Dissipate

By Steven Brull

OKYO - Doubts about the solvency of Japan's mighty banks have eased over the past year, but bad debts continue to mount, cutting into profits, crimping lending and help-ing to delay recovery in the world's secondbiggest economy.

Just 13 months ago, fears that a major Japanese bank might collapse in the after-math of the implosion of the bubble econo-my of the late 1980s were at the center of a vicious downward spiral of the share market. As the Tokyo Stock Exchange's Nikkei index skidded below 15,000 points, threatening financial meltdown, the Finance Ministry

came to the rescue by waving rules on disclosure and guiding poblic funds into the stock

In recent months, though, panic has been replaced by cautious optimism. The Nikkei has been trading between 19,000 and 21,000, high enough to put Japanese banks comfortably above their 8 percent capital-adequacy ratios and obviating the need to dump stocks to boost capital. Interest rates at historically low levels have also boosted spreads between lending and borrowing and helped shore up profits. Equally important, prices for property, the main source of collateral in many

loans, appear to be stabilizing.
Yet, if fears of meltdown have ebbed, at least as long as the equity market stays above 18,000, the bad debt problem festers. The

banks are sound, but more how long it will take to heal their wounds and resume lending in an ecocomy in profound need of restructuring.
"Financial solvency is no longer an issue,"

said David Snoddy, an analyst at Jardine Fleming Securities. "Bot the banks have really been burned and are not willing to. lend." That could become a major problem: when the ecocomy, and loan demand, pick

up, he added. Just how badly burned the banks are re-mains open in question. In November, when 21 big banks announce the amount of their

nonperforming loans at the end of Septem-Continued on page 15

Companies Diversify Ways to Raise Money

U.S. Business Goes Shopping Abroad To Tap the Stock and Bond Markets

By Conrad de Aenlle

T used to be that when a company wanted to raise finance, it went down to the local bank. Now there's a good chance it will head to the local stock exchange or bond market. And if there's nothing suitable there, it may shop around for a better deal in markets helfway around

Traditional banks are becoming increasingly less important as a source of capital for business; for three years, commercial lending has been flat in the United States, and the outstanding value of commercial and industrial loans has fallen. At the same time, the growth in corporate finance arranged through other means has been astounding.

As of mid-September, the value of initial public stock offerings to the United States totaled \$25 billion, figures compiled by Securities Data Co. show. That is more than 1992's record sum, which itself was twice as much as in the 13 years through 1982 combined. Last year also set a record for secondary offerings, or share sales by companies already trading publicly. At the present pace, a new record will be set this year.

U. S. corporate debt issues, likewise, are on pace in break the record set last year of \$321 billion; that amount was well above the previous year's intal of \$208 billion and more than twice the total recorded for any other year, the Securities Data numbers

The trend toward oonbank financing is not just an American one: Through mid-September, debt issues outside the United States reached \$310 billion, breaking last year's record. The figures for equity offerings are oot as persuasive. Although they have been increasing for several years, they still lag the totals reached in the middle of the last decade, which were probably skewed by a spate of European and Japanese privati-

The simplest reason for corporations tap-ping the stock and bond markets is that share prices in every major market except Japan are near all-time peaks, and interest rates, particularly in the United States, are close to their lowest levels in a generation That supply of corporate paper has easily been matched by demand for it. Savers have been forced to chase the higher returns they offer because of a worldwide decline in bank deposit and money market rates. The chief conduit out of eash and into stocks and bonds are investment funds, which have been attractiog mooey at an unprecedented

rate.
"The mutual fund surge is contributing to
the longest-running ioitial public offering
boom in recent times," Sorrell Mathes, head investment banking group, notes in a report. Mutual fuods have large cash inflows to invest, because of low interest rates, on alternative investments for individuals. The need to invest these funds has fucled considerable demand for all equity products, especially

The growth of funds, and of stock and bood offerings, is capitalism in action. Funds do the same things for savers as banks do, only cheaper, and so savers get higher

EANWHILE, tovestment banks have been taking over the role that commercial banks have played in arranging financing; by putting together bond and stock offerings, they can route money more effi-ciently to the companies that need it. The result in both cases is that conventional banks touch a lot less money than they used

"Investors' funds are bypassing the inter-mediation of banks and increasingly flowing directly, or more particularly via bond fuods, into bonds as the financing role of bank lending is reduced from its excessive levels of the 1970s and early 1980s," said Howard Flight, director of Guinness Flight Global Asset Management.

Also greasing the financial machinery is the proliferation of cross-border trading. New technology has allowed companies to scour any continent for the best financing arrangements and has granted investors ac-

Continued on page 16

Mega-Mergers Shrink the Bank-Sector Around the World, Excess Capacity Is Being Soaked Up

By Philip Crawford

ARIS - To say that mergers have been a recent trend in the global banking industry is to understate the fact dramatically. . It has been more like a cascade, a whirlwind, a juggernaut. And experts say that the sharp consolidation will continue until the considerable surplus that still remains in the global banking system has been eliminated.

Theories regarding the forces that have precipitated such severe downsizing are legion. Some simulations are legion. ply blame deregulation, while others point to overly aggressive business strategies that led to chancy loans, too many of which ended up in default. There are analysts who say that bankers, along with a lot of economists and brokers, merely underestimated the depth of the recent recession. Some experts even majotain that the roots of the merger movement are to be found

But one thing is certain: The oumber of banks in the world is shrinking fast, as the strong devour the weak and as forward-looking strategic alliances are struck, both on a domestic and a cross-border basis, Indeed, on the international side, there have been 617 crossborder banking mergers valued at \$32.9 billion during the period from Jan. 1, 1988, through June 30, 1993, according to KPMG Interna-

tional in Amsterlam, which tracks global mergers and acquisitions.

These days, when boardroom banter turns to the topic of bank mergers, it is the United States that is often perceived as being the real hotbed of activity. One reason for that is the series of high-profile mergers that has taken place there over the past two years: Chemical Banking with Manufacturer's Hanover, NCNB with C&S/Sov-ran, and BankAmerica with Security Pacific. At the end of 1992, the three banks that emerged from those deals (Chemical, Nations-Bank and Bank America) held a combined total of \$438 billion in

UT the mega-mergers have been equally as prevaent in Europe. In early 1990, Den Danske Bank and Corenhagen Handelsbank, Denmart's two largest commercial institutions, combined in form a Scandinavian banking power with 100 billion kroner (then \$41.5 bilion) in assets. The previous year Unidanmark Bank, now the second-largest Danish bank was formed from the merger of Privatbancen, SDS, and Andeisbanken, it was also in 1990 that Algemene Bank Nederland

and Amsterdam Rotterdam Bank merged to form the Dutch giant ABN AMRO.

There has been serious action to the south, as well. In May 1991. Banco Hispano Americano and Banco Central announced in Madrid that they would merge in form Spain's largest bank. Last year, HSBC Holdings, the parent of Hong Kong & Shanghai Bank, bought out U. K.-based Midland Bank for \$5.5 billion. And early

Sasha Serafimovski, a banking specialist at Merrill Lynch in Lon-don, said consolidation in Europe has been partially the result of forces set in motion by deregulation. "The gradual deregulation of European banking has hit hard and brought about severe compe-tition," be said. "The banks have had to bid up interest rates paid on deposits in order to attract customers, while at the same time lower the rates they charge on

Shrinking U.S. Commercial Banks U.S. bank mergers, yearly. 300 200

this year, Crédit Suisse acquired the troubled Swiss Volksbank. "There has long been excess capacity in the system," said Christopher Davis, who tracks the Eu-

ropean banking industry for the London brokerage Barclays de Zoete Wedd. The competitive and profitability pressures are continuing to squeeze out those who can't survive. Ultimately, I think you're going to wind up with four or five major players to the larger countries, and perhaps two in the smaller countries."

Mr. Davis said that in Italy, the forward trend will be absorption of the smaller players by the larger banks such as Banca Commerciale Italiana and Credito Commerciale, as opposed to mergers of the larger banks themselves. Germaov's banking industry, he said, while not having moved strongly toward consolidation yet, should see substantial staffing outbacks m the near future.

loans. It's a double whammy. And with profit margins so low, the banks have gone for increasingly risky loans, which have turned into deep losses."

Mr. Serafimovskí said that, by however, there appears to have been several in the United States. From the beginning of 1984

and large, European mergers have been successful in cutting costs, increasing efficiency, and developing leaner, more profitable operations. "But it remains to be seen how these synergies pan out over a long period of time," he added. For every merger in Europe,

through the second quarter of this year, according to statistics compiled by the United States Federal Deposit Insurance Corporation, over 5,000 U.S. bank mergers were completed, about 30 percent of which involved a bank failure. More consolidation seems sure to come, This summer, a senior vice president of the Federal Reserve Bank of New York revealed an eye-openiog statistic in a speech to bankers: In the United States, there are approximately 45 commercial banks for every one million citizens. In the United Kingdom, the figure is nine banks per million. In Germany, four, and in Japan, one.

The structure of the U.S. banking industry in past decades, with its proliferation of small banks and its heavy, cost-laden framework, is an anachronism which is not at all suited to the competitive and technological environment of today," said James J. McDermott Jr., president of Keefe, Bruyette & Woods, a New York brokerage specializing in bank stocks. "Banks have also been losing share in the overall financial services market for decades. Fifty years ago they had 80 percent, now they have about 25 percent. Securities firms, fund companies, insurance companies and the like have taken that busi-

"All of this has been a force in the merger movement," continued Mr., McDermott. "One reality is simply that you don't need to go to a bank for things you used to go there for, such as a mortgage or a credit card. We're seeing a remake of the banking landscape."

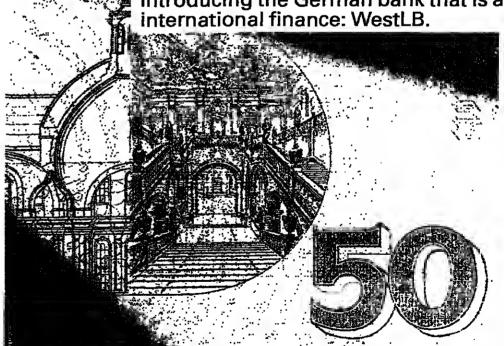
R. McDermott said framework of the U.S. industry dates back to the 19th century, when people feared the potential power of a handful of big banks, a pre-mise that led to the evolution of many small ones. He also predicted that more mergers - and large ones—will take place in the Unit-ed States during the next few years. "There's a lot of action right now among banks with assets of between \$400 million and \$4 billion." he said. "I look for merger activity to continue there."

Like their counterparts in Enrope, many U.S. analysts say that domestic bank mergers have by and large been successful. Executives of the banks involved tend to agree. "We're on schedule to reach the savings we targeted at the merger's outset," said Peter Tobin, Chemical Banking's chief financial officer. "We said that we'd save \$525 million by the end of 1993, and we're on track to achieve that. We expect to achieve savings of \$710 million in 1994 and \$750 million in 1995."

By the time Chemical's merger with Manufacturer's Hanover is fully integrated, over 6,000 jobs will have been cut through layoffs, attrition, and retirement. About

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 WestLB

Swiss Restructuring Sets Stage for a Revival of Merger Activity

By Sarah Veal

ENEVA — Although Switzer-land's mergers and acquisitions activity fell in 1992 by 40 percent and figures for January-August show a similar level for this year, several trends are setting the stage for an M&A boom two or three years hence.

As Swiss banks maintain a tight hold on credit, cash-strapped companies are opting to set up alliances rather than continue the acquisition rate that made Switzerland the top foreign buyer (61 deals) in the former East Germany in 1991. These alliances will begin to show up as mergers and acquisitions in a few years' time.

"The volume, in terms of dollars, will be less striking because alliances imply much less volume in terms of transition values," said Frederic de Boer, general manager of Zurich-based consultants, Translink Helbling AG. "But if you look at the number of companies that are going to be acquired, it is very important."

Whether you buy oow or buy time de-

pends on the sector. "Swiss banks and insurance companies have the money to buy abroad, so 20 out of the 69 Swiss acquisitions abroad this year are in that sector," Mr. de Boer said. "In engineering and machine tools, restructuring is not yet over. There are still too many small companies on the market. For now, they don't bave the cash to buy so they are making alliances and joint ventures."

Part of the equation is the oature of Swiss companies. Contrary to the muscular image of such multinationals as Nestlé, Ciba, Sandoz and ABB, typical Swiss companies are small, family owned and serve niche markets—characteristics that are particularly suited to alliances.

"There are some very powerful companies in Switzerland, but the majority are small and bave a cash problem," said Mr. de Boer, "An alliance is perfect for these more modest companies because it allows them to take their time and see how the synergies can work without the pressure and beavy cash requirement that comes with an acquisi-

Unlike the giants, who have moved pro-

duction abroad over the past 10 years seeking market access and lower costs, typical
Swiss companies see alliances as their best
chance of getting inside the European Community's gate. Finding a new way in became
critical as of last Dec. 6, when the Swiss all
but excluded themselves from the greater
European market by voting against membership in the European Economic Area.

"The Dec. 6 vote hurt the Swiss economy," said Alexander Hofer, M&A consultant for ICME International. "The multinationals are not affected, but the smaller companies who export goods are. Now, these companies are trying to adapt to the situation."

(If the rejection of the EEA was an ill wind for exporters, it certainly blew some good the way of Swiss banks. With Switzerland's reputation as the home of banking secrecy clear again, capital is returning and the financial sector is looking forward to an excellent year.)

Alliances are also viewed as a way to achieve critical mass.

"Most Swiss companies, especially in the machine-tool industry, are niche players—

companies whose names don't ring a bell but which have excellent products," said Mr. de Boer. "If Swiss machine-tool companies are going to compete with the Japanese, they have to get to a critical size where they can distribute worldwide. This need is going to push them into alliances."

"There is definitely a shift to the rest of the world, especially a clear expansion to the Far East due to the Swiss export boom there and to the cheap labor source," said Hans Kaufmann, head of Swiss research at Bank Julius

Among the most interested are Swiss suppliers of machine tools and electronics, "because the only companies making money in that area today are Japanese," and construction companies, "because the only boom at the moment is in the Far East," Mr. de Boer noted

For all these reasons, loose alliances are growing as an attractive adaptation to the new eronomic conditions. And what begins as alliances will inevitably turn into mergers and acquisitions in a few years.

"In the long run, competitors cannot be partners. The choice is to sell or buy, and

many of these Swiss companies will sell out because they bave neither the will nor the financial muscle to acquire," said Mr. de

Natural aging will also play a part. "Family-owned companies established after World War II are now coming on the market as their founders get older and want to sell up,' said Robert Pennone, Geneva partner, Ernst & Young.

HE banking sector, on the rails after a crisis brought on by poor real estate investments, has suddenly recovered, thanks to the upbeaval in the European Monetary System.

"At the beginning of the year, my estimates of 32 percent growth in yearly earnings was considered very brave," said Mr. Kaufmann. "I have now revised that figure

to 45-50 percent for the major banks while portfolio banks will do even better. And 1994 looks like turning in an even better performance."

Trading in foreign exchange and securities has soared, he added. "The historical average for Swiss banks' position in securities is

under 10 percent. Now, securities represent around 16 to 18 percent of the total balance sheet. This has never been seen in the history of Swiss banking."

Typical of Europe's "jobless recovery."

Swiss banks are cutting their labor force for the first time since the 1950s. An estimated 6,000 of the sector's 140,000 jobs are being

trimmed this year despite the good returns.

Consolidation could absorb 100 or so of Switzerland's 570 banks in a few years. The great majority of the activity is internal, with the large banks absorbing the small ones and regional banks merging to form larger units. Certain activities have attracted the eye of foreign financial players. "We get inquiries every month about acquiring banks specialized in portfolio management," said Mr. Pennone, "but few are willing to sell."

Swiss banking will probably stay a Swiss affair by the simple logic that a Swiss bank bought by a foreign bank is no longer Swiss. "An American bank doesn't come to Switzerland to go to a Japanese bank," said Mr. Kunfmann.

SARAH VEAL is a journalist based in Geneva.

Nordics See The Red Ink Turn Black

By Laura Colby

ARIS — Banks io Scandinavia are recovering well from the worst crisis in their history, and analysts are predicting a return to profit for some as early as this year.

As recently as February, some of the largest banks in the Scandinavian countries, such as Sweden's SE Banken, were hemorthaging red ink, and seeking state handouts in order to survive. But only six months later, SE Banken told the Swedish government it no longer needed state aid, and its shares surged more than tenfold on the Stockholm

stock exchange.

Although not all banks are staging such dramatic turnarounds, Scandinavian banks are managing to pull out of their crisis through a combination of government guarantees and outright bailouts, plus improving economic conditions, helped in large part by a sharp depreciation of the local currences against those of their European neighbors.

against those of their European neighbors.
The 1990s banking shakeout, which has left some banks in state hands and others out of business, has caused survivors to undertake restructurings that observers believe will ultimately lead to a stronger and more competitive industry.

"In a lot of respects, we have got the worst behind us." said Hakan Persson, a financial analyst at Svenska Handelsbanken in Stockholm. He points to increasing industrial production and exports.

"Last year, 75 to 90 percent of the credit losses at Swedish banks were related to property loans," Mr. Persson said. Although the property market is not improving markedly. "That percentage is starting to come down,"

"The economies themselves are still in rouble, but at least the prospects are looking brighter," said Keith Baird, an analyst at Kleinwort Benson in London. He sees a return to growth next year in Norway and the following year in Sweden and Finland.

NVESTOR confidence in the banks is starting to come back, Mr. Baird added, "We are now past the point of failure. All the banks that were going to fail have done so. The ones that haven't are going to survive, and investors are oow looking to the next level of profitability."

In the 1980s, many of the Scandinavian

economies uowittingly stoked up a huge bubble economy through speculative lending, especially in real estate. Debt was encouraged by allowing consumers and companies to deduct interest payments from their taxes. High inflation created negative real interest rates, meaning it was cheaper to borrow to buy something now than to save money and buy it with cash later, and meaning that banks' profits evaporated.

ing that banks' profits evaporated.

At the same time, banking deregulation allowed banks to lend on looser criteria.

In Norway, where the the banking crisis hit first, recovery is also coming first. The banking troubles were handled by, in effect, the nationalization of the banking industry. Den norske bank is now 56.6 percent owned by the state, for instance. But through more prudent banking and lower interest rates, it managed to halve its losses in 1992 and returned to a profit in the first half of this

year.

The state's takeover of the Norwegian banking industry is about to be reversed, with the relisting of the shares as early as next year. Analysts caution, however, that much needs to be decided about how the shares of the banks will be reoffered to the public.

"It's a very technical and complex procedure," said Mr. Persson, "and what the effect will be on the previous shareholders is still

N Sweden, where the government provided the equivalent of billions of dollars of guarantees for the major banks in order to stave off bankruptcy earlier this year, profits are already returning as early as this year for such banks as SE Banken and Handelsbanken. Nordbanken, which was taken over hy the state, also went from loss to profit in the first half of this

"The external conditions changed much quicker than we had expected." Bjorn Svedberg, the chief executive of SE Banken, told shareholders in announcing the company's turnaround this summer.

In Finland, where the state stepped in to provide guarantees for struggling banks but did not take control of them, the loss cycle is still continuing, however. "We expect to see profits there only in 1995," said Mr. Persson.

In Denmark, the only Scandinavian country that is a member of the EC, the situation has been different. The industry has essentially been in crisis since 1984, Mr. Persson said, but "the losses have also been spread over 10 years." He added: Now, there is an improvement in business and I am recommending Danish banks."

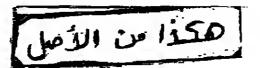
LAURA COLBY is on the stuff of the International Heruld Tribune.

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Global Banking and Finance/A Special Report

Gremlins Lurk in Shadows of U.K. Big 4 Recovery

By Aline Sullivan

ONDON — British banks, among the worst hit victims of economic recession last year, are recovering fast. But some analysts worry that the short-term profit resurgence masks deeper structural problems within the U. K. banking industry.

Banking shares are outperforming the FTSE-100 index of British shares for the first time in two decades. Shares in the four major retail banks, Barclays, National Westminster, Lloyds and Midland (now owned by HSBC Holdings of Hong Kong), have soared since the beginning of the year, mostly thanks to solid first-half earnings and reduced bad debt provisions.

Richard Coleman, banking analyst at stockbrokers James Capel in London, gave the four leading banks credit for having reduced their costs during the recession. The recent share price gains have been justified, he said. But he cautioned that competition from smaller, nimbler entrants to the retail tanking market could hit at the heart of the leg Four's profitability.

"The banks have cut costs, but they have cut the quality of the service they are providing as well," said Mr. Coleman. "The ones that will succeed in the future are those which can offer a quality service at low cost. It is difficult to see which of the big banks will be able to do that."

The way to square this circle, Mr. Coleman said, is through information technology. Bank of Scotland, which is a fraction of the size of Lloyds, the smallest of the Big Four, offers its retail banking clients a quick, efficient service at low cost through well-targeted computerization, he said.

Another potential competitive threat comes from the building societies (savings and loan associations), which are pushing for a bigger share of the retail banking market.

Paradoxically, many of these building so-

Paradoxically, many of these building societies were less affected than the banks by the sharp downturn in real estate values that accompanied Britain's recession. They prudently insured themselves against mortgage defaulters, whereas the banks carried the risk of bad debts on loans to big developers and small borrowers on their own books.

The banks remain burdened by these baddebt provisions. Together, the four leading banks reserved more than £2 billion (\$3 billion) in the first half of 1993 against bad or doubtful debts, much of it caused by loans to big real estate companies.

But things are at last looking up. "The peak provisions have passed," said Nick Collier, a British banking analyst at Morgan Stanley International in London. "We are finally seeing some action in the commercial property market and the residential market is also picking up although there won't be any huge increases."

For the time being, the banks are being helped by robust profits from their investment banking operations. This is particularly true of Barclays, whose Barclays de Zoete Wedd investment banking subsidiary was largely responsible for transforming a £242 million pretax loss last year into a £335 million profit in the first balf of this year, the

best improvement of the Big Four.

The problems facing Barclays' rival Lloyds Bank are different. Ever since it failed to win control of Midland in 1991, Lloyds has needed an acquisition, analysts say. They claim the bank shed too much business in the late 1980s and now risks being squeezed out of some markets by its bigger rivals.

A major beneficiary of this process, ironically, would be Midland, which acquired valuable access to fast-growing Far Eastern markets when it was taken over by HSBC Holdings. Midland is a favorite of analysis for this reason.

All the leading U. K. banks are trying to boost profits through the sale of savings and insurance products and through niche markets, like private banking and offshore fund management. But analysts caution that these efforts may not be enough to offset the damage competitors are expected to inflict as the economy improves.

"There is no doubt that profitability is recovering pretty fast," said Ian McEwan, a hanking analyst at Merrill Lynch in London. "We should see returns on equity of over 20-percent in the next few years. But the question is whether that is sustainable. Returns like that will make it very tempting for outsiders to come in and compete."

Norrie Morrison, a banking analyst at London stockbrokers Kleinwort Benson Securities, agreed that Britain's big banks have addressed many of their problems by cutting costs and writing off bad and doubtful debts. But economic recovery has been sporadic and

demand for credit remains depressed. Competition, both domestic and foreign, could restrict profit margins in the next few years, he

"The cloud on the horizon is that in about two or three years there will be too much capital chasing too little business," said Mr. Morrison. "It isn't clear where the long-term growth is going to come from."

The key question will be whether U. K. banks manage to put the harsh lessons of Britain's deepest recession since World War II to good use. Many analysts doubt the banks' ability to learn from their mistakes.

"I don't believe that banks will make fewer mistakes in an environment of low growth and low inflation," said Mr. Coleman of James Capel. "There will be a substantial oversupply of capacity and the environment will be very hostile. So far, the banks have only tinkered around with cost cuts in response to recession. None of the banks has really come to terms yet with the changes that will be necessary to survive."

ALINE SULLIVAN is a financial journalist based in London.



Annegret Nostitz of Landesbank.

East German Bankers Are Quick Study

By Miriam Widman

ERLIN — Annette Richter and Annegret Nostitz agree. Learning about stocks and options was the toughest part, but switching from a communist to a capitalist banking system, while not easy, isn't as rough as you might think.

The two young women, while still an exception, are among the East Germans who are starting to make it in the Western banking world. Brought up with Marxism and Leninism, in a world where there was essentially one interest rate and no stock market, these two women have begun the proverbial climb up the corporate ladder and made it to

branch manager at their respective banks.

"It was very difficult, especialty the securities area and credit," said Mrs. Nostitz. branch director at the Berliner Sparkasse's Hellersdorf branch in East Berlin. "In the GDR (East Germany), we had some forms of credit, like credit when you got married or layaway credit. But there was never anything to buy."

Mrs. Richter, the 33-year director of the Commerzbank's branch in Eisenhüttenstadt, did not bave so much trouble with credit as she did with securities. "I just find stocks very difficult to understand and options are worse," she admitted. But there are experts at their respective banks they can call on for help. Both directors also said that while East Germans are becoming increasingly interested in investing in stocks and securities, demand remains limited.

To date, the heftiest demand from East German banking customers is for credit to either set up a business, purchase a car, house or consumer durable goods, like washing machines, or for safe investments, like fixed-rate securities. And, the two bankers know, with total unemployment running in some areas at 50 percent, that East German customers count their pfennigs and are quick to switch banks when bank charges are too high.

Eisenhüttenstadt is probably a worst-case example. The town, which literally translates to "Iron Works City," had essentially one employer in GDR days—the steel works. In the 1950s, the East German Communist government decided to erect a steel plant in this rural town on the border with Poland. It employed 12,000 of the 50,000 people who eventually moved there. The antiquated factory has been up for privatization for the last three years, and since then, only one of four problems at the plant still has a job

three years, and since then, only one of four workers at the plant still has a job.
"My people count every pfennig," said Mrs. Richter, from her newly renovated offices in the Old Town, one of the few pleasant parts of the city. "A half a percent makes a big difference, and they'll change the bank."
While the bankers agree that being East German gives them an advantage over West

While the bankers agree that being East German gives them an advantage over West Germans working in East German offices, bank management has not always seen it that way. The two women are more the exception than the rule. Mrs. Nostitz worked as a branch manager for the Sparkasse in GDR days. She and others were put back a level to assistant manager when the Landesbank Berlin, which owns the Berliner Sparkasse, took over. West Berliners who were No. 2 at their branches were then sent to the East to take over as directors. She managed to work her way back to branch director, but only 10 out of 80 former managers did.

Yet there is an understanding among the newcomers that things take time. Jens Suefke, a regional manager at the bank, said assistant directors essentially have the same responsibilities as directors.

N contrast to the West, women are the rising stars at East German banks. This is because women held some to percent of the jobs in East German banking. The old GDR system also made it easier for working women, as child daycare was widely available. Both Mrs. Richter and Mrs. Nostitz are married with two children, and now, under the Western system, they have to juggle their schedules considerably more.

their schedules considerably more.

Yet, as probably could be expected, the fastest rising East German is a man. Edgar Most, a former bank director in the East German State Bank, has likely achieved the highest position in West German banking for an East German. As a director of the Deutsche Bank AG's Berlin office, his position is just one level below the board of directors and he is the only East German among six directors at the Berlin office of the bank. Many East Germans who had worked with him are now at the Deutsche Bank and a few have reached management positions.

Mr. Most admits that his position at the East German government bank and detailed knowledge of the 29 East German conglomerates put him in a good position for a key job. But he notes that at the management level, there is not that much difference between East and West.

"In the old system, society was the center point, and now it's the bank," he said. A former Communist Party member, Mr. Most notes that party membership was a requirement for his previous job. But he said: "The old boy network is actually much worse in the West than it was in the East.

"In the end, the banking business is about personal contacts, and in that respect, there's no difference between East and West. This world isn't all that foreign."

MIRIAM WIDMAN is a journalist based in Berlin

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Offshore Centers: No Longer Elite

By Philip Crawford

ARIS - There often comes a point when a product once perceived as innovative and accessible only to an elite clientele starts to feel mains fream. The relephone and the automobile are archetypal examples.

... Perhaps that's what the once arcane husiness of offshore banking is coming to, as investors from virtually all corners of the globe now pour money into locales such cas the Channel Islands, Grand Cayman, the Bahamas, Bermuda. and "offshore-onshore" Luxembourg, seeking top-level asset management cloaked by secrecy and tax protection.

on The bulk of capital invested offshore still goes to the centers that g have been around for a while, but athe demand for cross-horder. -kaway-from-the-tayman banking ≥services has spawned a remarkable J@and seemingly unending parade of freshly minted tax havens. In addition to the above domiciles viplus, of course, Monaco, Gibralactar, the Isle of Man and Hong :rKong - currently out of vogue sixtue to fears over the return of .4Chinese πile in 1997) — we now !aalso have Dublin, Mauritius and .BMalaysia. More are sure to follow. was myriad small governments seeking to attract international abusiness try to imitate what others lohave done.

But affable tax laws, plus a few alawyers, accountants and fax mafehines, do not equal an interna-*tional financial crossroads, and of many fledgling offshore locales at may find this out the hard way, say experts. Meanwhile, business in Othe established centers is booming.

Deposits in Guernsey, the smaller of the two main Channel "Islands, rose by £2.3 hillion (\$3.45) billion) in this year's second quar-

French financial terms.

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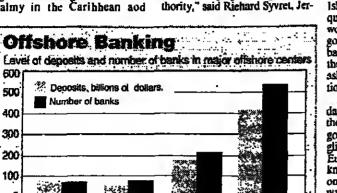
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ter, bringing total deposits in the island's 75 banks to £32.6 hillion as of June 30. Deposits in Luxembourg grew 17 percent to 6.1 trillion Luxembourgeois francs (\$177 billion) in 1992, while the number

of banks rose from 187 to 213. Deposits in Jersey's 69 banks now rest at £51.5 billion, a slight falloff since January, but more than double the level of five years ago. And banking weather is also halmy in the Caribbean and dentiality. Offshore banks and fund companies are under no obligation to cooperate with the "fishing expeditions" of foreign revenue authorities - inquiries made about individuals suspected of being tax cheats in their home coun-

There are absolutely no circumstances under which a bank here would respond to an inquiry made directly by a foreign tax au-thority," said Richard Syvret, Jer-



Guernsey Jersey Luxembourg

southern Ailantic Ocean, where deposits in Grand Cayman, the Bahamas and Bermuda continue to rise. The 533 banks in Grand Cayman (about seven banks per square mile) now have total assets of about \$411 billion, a rise of 65' percent since 1987.

When examined over the past decade, the overall growth of the offshore hanking husiness has been no less than dramatic. Why? The primary reason is tax structure, Most offshore centers levy no taxes of any kind on foreign depositors, paying out all investment

Going hand in hand with tax considerations, moreover, is confi-

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edition contains 132 pages of information in English on a

on the French economy and major sectors of activity, an

sey's chief financial regulator. "Whether a depositor reports his holdings or income from those holdings to tax officials in his country of legal residence is some-thing which he himself has to apply his own mind to."

Another measure, however, of an offshore center's desirability for investors is its ability to sniff out money-launderers and turn them away. Indeed, it is this balancing act — trying to attract in-vestors with promises of airtight secreey while simultaneously screening depositors meticulously in order to avoid image-tainting scandals such as the BCCI affair — that has emerged as a central issue of the offshore hanking in-

Fallout from the conflict has been uniform. Most offshore cen-ters now have dual pieces of legis-lation, one that makes it a criminal offense for a banking employee to divulge client account information to a third party without irrefutable cause, and another which makes the same employee equally liable for not telling superiors when he smells something funny. The bottom line is that bankers must use their own judgment, and it had better be right.

"This is a problem that all offshore bankers face," said Jennifer Dilbert, inspector of banks and trust companies in Grand Cayman. "But we've learned to deal

with it. Here in Cayman we certainly don't cooperate with random fishing expeditions, and we want our investors to know that At the same time, we also want people to know that if we learn they are involved in illicit activities, we will cooperate fully with revenue and law enforcement authorities. They will not be protect-

In Cayman, as in the Channel Islands and Luxembourg, any inquiry into a depositor's affairs would have to be formally made to government officials, not to the ank itself. The regulators would then weigh the evidence before asking a bank to disclose informa-

Ironically, the roots of modernday banking secrecy date back to the 1930s, when the villain was the government itself, oot drug-smuggling money launderers, say some European experts, "The Nazis knew what was going on in every-one's private affairs, and they stole wantonly," said a prominent banker in Luxembourg who insisted on anonymity. "After the war there was a great fear that the state, any state, could get so pow-erful and so potentially abusive again. That fear was behind the original legislation providing cli-ent confidentiality in Switzerland and in Luxembourg."

Competition in offshore banking is becoming more and more ase, as each center tries to woo the high-net-worth individual as well as the multinational iostitutional investor. In addition to confidentiality and integrity issues and, of course, investment management expertise - banking locales now fence with each other over who can provide the best po-litical stability, financial infrastructure and foreign language capability. The latter is becoming increasingly important as investors from Asia, the Middle East, Latin America and Eastern Europe become a bigger part of the global money pool.

Some Channel Islands bankers, for example, say that Luxem-bourg's tax laws cannot survive the gradual harmonization of EC financial regulations, and that the Grand Duchy's days as an off-shore center are therefore oumbered. Those in Luxembourg refute that elaim, and counter that their language capability makes them better equipped than Jersey or Guernsey to serve a pan-European clientele

Some Duhlin bankers say that Cayman has yet to live down past scandals, while those in Cayman retort that Dublin is too young as a financial center to be the judge of anyone. The sparring goes on.

Decade of Growth for U.S. Index Funds Fund assets, institutional investors. Fund assets, individual investors. Number above bar Indicates Number above bar indicates number of funds number of funds

The Jury Is Still Out on Index Funds

By Martin Baker

ARIS - Once upon a time indexation was the darling of the invest-ment world. It seemed during the latter part of the 1980s and into the early 1990s that a new index was being

launched almost every day.

The vogue was for a kind of market science, where indexes were to be used to measure and assess the performance of new markets. The small and specialist sectors of developed markets also began to have their own indexes, acting as a kind of financial barometer. The growth of indexation had an important investment consequence: The consensus of analytical thought held that the market was an efficient mechanism, that fund managers and stock pickers could not beat the market on a regular basis, and that the future of investment management lay in trying to match the performance of a market index, not beat it.

But all that cozy certainty has been threatened by the events of last year. "Almost every year, in the major markets at least, most fund managers underperform the index," said Bruce Johnson, director of Baring Securities emerging markets team. "Last year, however, was peculiar. The reverse was true, and aggressive stock pickers were able to beat the market indexes. For the moment, though, I don't see an imminent change in investment patterns. If stock pickers beat the indexes three years in a row, or even three years out of five, then you'd see a few investment philosophies being revised."

But for the moment, the global investment community is very much divided as to whether the trillions of dollars held in index funds by pension funds, institutions and individual investors are well placed. To help answer this critical question, four smaller questions need to be answered. First, what is an index? Second, what purposes other than investment does an index serve? Third, were the reasons for the growth of indexation purely investment-driven, or were other factors at work? Fourth, if an index really does reflect a merket's performance, is the market too efficient

The first question is easy enough. Com-

piled from constituent shares, be they the 30 shares in London's FT-30 or the 500 in the U.S. S&P 500, an index is ultimately a oumber. Controversy and arcane econometric debate surround the weight that should be given to constituent shares, but the end product is always simple numerical short-

hand for market performance.

Numerical shorthand might be an answer to the second question. Morgan Stanley Capital International, an arm of the eponymous investment house that specializes in the creation of indexes, has a more compre-hensive response: "Indexes serve as an unbiased measure of markets enabling investors to understand the opportunities in each market. They serve as benchmarks for professional managers against which their portfo-lio management abilities are measured. As stock markets are harometers of market

economies; indexes are market indicators." The importance of the index as an analytical tool is emphasized by Mr. Johnson at Baring Securioes. His team sidts through information on companies researched by the brokerage, and visits the companies con-cerned. Only if the information used to price the company is of sufficient quality ("always a difficult point," said Mr. Johnson) is a company included in the index.

The Baring Securities team compiles several country indexes, plus a composite index of emerging market performance comprised of 213 stocks and 12 countries — Greece, Portugal, Turkey, South Korea, Indooesia, Philippines, Malaysia, Taiwan, Thailand, Argentica, Brazil and Mexico. Chile is to be added to the index this fall.

One factor that industry observers point to as critical in the growth of indexation is the parallel boom experienced by the derivatives markets. Using financial futures and options is, thanks to the liquidity of these markets, a very low-cost and efficient way of tracking an index. Bot some index industry commentators argue that the indexes are often created simply to stimulate the business of the created simply to stimulate the created simply the created simply to stimulate the created simply the created simply to stimulate the created simply the created si

ness of the exchanges.

The story of the creation of the New Yorkbased American Stock Exchange's Japan index illustrates this theory well. More than two years ago it applied for and was refused sion to tie contracts to the Nikkei

stock overage. Amex created its own index (210 stocks with a greater than 99 percer correlation with the Nikkei stock average. according to a recent Amex brochure. Fl index was created solely to trade in optio-

against it.

"We were simply meeting consumer rmand," said Dick Mikaliunas, Amex ve
president A new index, the latest in a lae
series, is planned for launch this fall. It ill

track U. S. middle-sized companies.

Another stimulus to indexation has ben the growth of index funds. Both retail ad institutional investors have been pounds money into tracking vehicles, according Morningstar, a Chicago-based mutual ad monitor. The marketing of these vehicles is no bearing on the question of whether n index investment is a good investment i

HAT question would be answed in the affirmative by advocatesf efficient market theories. They y that the market has all the informtion and is collectively smarter than by

But the efficient market hypothesis is some severe critics. Robert Clarkson. a pfessional mathematician and actuary, formly the investment manager for a leading Sotish insurance company, terms the theory "to biggest white elephant that we shall ever seen the investment world." In a forthcoming exin International Fund Investment, a mutil fund industry magazine, Mr. Clarkson; scathing about theories of the market in assume all relevant information is instant understood and assimilated. He also argus that the markets fail to understand the renature of risk, and claims that markets gene-ally have inefficiencies that can be explicit by investors.

For the moment, however, indexing ustil popular. Chris Poll, managing directe of Micropal Ltd., a London-based mutual line monitoring firm, argues that indexing lefnitely has a place for modern investor who want broad exposure to the market Fir them, it's unbeatable."

MARTIN BAKER is editor of the Interption al Herald Tribune's Money Report.

ing garan Tag⇔an dan berah di Maka U.S. Banks Look Overseas to Shore Up Sluggish Business

By Judith Rehak

EW YORK - After years of cutbacks and retrenchment in their executives, institutional Investors, industrial purchasers and people who need to know about French companies. ioternational operations, forced by mindless lending in Latin America and even worse disasters in real estate lending ot home, the big U.S. banks are sporting vastly improved balance sheets. And, once again, they are lonking to overseas markets as a prime source of husiness. RHONE POR ENC SER GROUP

The resurgence of interest is be-

ing driven by a patchy recovery and sluggish loan demand in the United States, while overseas, a wealth of opportunities present themselves, said James McDermott, president of Keefe, Bruyette & Woods, a New York firm specializing io bank stocks.

"Banks are oow ready to gn

ahead internationally, but they won't necessarily be lending," said the analyst. "The [Latin American deht crisis and lending problems of the '80s have forced a strategic review of what kind of activities they'll be doing going

forward. There will be more cor-porate finance profits in the sec-Ond quarter of this year, the bulk of it from foreign exchange and securities trading. The expertise of U. S. banks in derivatives, notably forex options, yielded even heftier profits, with banks like J. P. Morgan and Chase moving quickly to keep up with competitors hy building operations in that arena."

The trading boom is being fu-cled not only by growing oumbers of U.S. multinationals covering their foreign currency exposure, but hy an explosion in dollarhased investors who need to hedge their overseas investments against currency and interest rate shifts. Net cash flows of U.S. pension fund money into overseas equities and bonds surged to \$18 hillion in the first half of this year, com-pared with an all-time high of \$\$22 billion for all of 1992. And individual American investors are on an unprecedented huying binge ahroad via mutual funds. Internadonal equity funds alone took in a staggering \$8.5 hillion in the first seven months of this year.

HILE Citicorp continues to hold down its spot as the top global foreign exchange trader by dint of its 70 trading rooms, which deal in 117 currencies around the world, it is by no means the only bank resping hefty profits from this activity. Analysts report that Chemical Bank, strengthened by its merger with Manufacturer's Hanover, is coming on strong.

John Myers, a Chemical spokesman, noted that the hank's improved capital ratios after the merger boosted its ratings from triple B to the single A category. That really opened the door for our foreign exchange business and allowed us to attract new clients, and do longer-term deals," be said. "It also enhanced our swaps and derivatives business overseas." Chemical's trading revenues soared to a record \$298 milenues soared to a record \$298 mil-tion in the second quarter of 1993; dation of Europe to resurrecting

of that, \$109 million came from Russian banking, it is the emerging markets that are the prime focus of

big banks vary their global strate-gies. The orientation at J. P. Mor-gan and Chase Manhattan is more to large, complex, cross-border transactions, said David Berry, director of research at Keefe Bruyette. "They're more likely to be involved in, for example, a large corporatioo in Mexico issuing bonds to be sold in Europe," he said. "Citicorp does it, too, but if someone in Mexico is lending pesos on deposit to a Mexican corporation, that's more Cio's business. They're more local, more tradi-donal."

Emerging markets are the prime focus of big banks' current strategies.

Indeed, while many U.S. banks were bailing out of their overseas operations during the 1980s, Citi-corp hung on to its foreign offices, even in its darkest days, when many viewed the bank as good as dead. Today, its highly profitable global network covers 94 countries from France to Pakistan, and most recently, Vietnam. Although Citicorp is a player in virtually all areas of global banking, it is unique in its push to be a global consumer bank. Citicorp's line of attack is exem-

plified by its Hong Kong opera-tions, where it has been first to offer local consumers an array of services like automatic teller machines, 24-hour enstomer telephone service, investment advice and consolidated statements. The bank is Hong Kong's second higgest credit card issuer; by contrast, Chase Manhattan, in an example of its move away from retail business, recently sold off its profit-While U.S. banks are participat-

their overseas strategies right now. The opportunities in countries like Malaysia, Thailand and Indonesia, robust 7 percent to 8 percent annually, and gross savings rates run as high as 35 percent, underscore the attraction. Citicorp's consumer banking profits in Asia alone leaped from \$125 million to \$319 million from 1990-92, and the bank expects that business to grow 25 percent to 30 percent a year.

Citing a recent surge in its emerging markets financing, and prospects for even more, Chemical structuring of its Emerging Markets group to concentrate more fully on fund raising, distribution and trading activities. Ironically, one of the hottest emerging markets is the scene of the debt debacles of the 1980s, Latin America. The Bank of Boston, for example, the biggest foreign bank in Argen-tina with some 40 hranches, is reporting significant growth on all fronts: consumer loans, small business lending and a core cor-porate business from privatizations of the country's gas and telephone companies.

"It's what we were waiting for," says Newt Merrill, the Bank of Boston's executive vice president of global banking, citing the opportu-nities in Argentina's now-stable economy. The potential was always there. It was just a question of when it would happen. The same question is being asked about Brazil today." The Bank of Boston's second-quarter earnings leaped 32 percent, driven by its booming usiness in Latin America.
But if the Bank of Boston is

thriving on its role in Latin America as a full-service, indigenous bank, others are opting for innovation. Chase Manhattan, for one, has announced it would deal in such exotic currencies as Venezuelan bolivars, and it got into Brazil's brand-new swaps market last year by closing 11 deals, one of them a \$20 million package of interest rate

swaps for the largest publing company in Latin America. Also attracting intense dention in Mexico, where a raft obigname hanks is poised to stup North American Free Tade Agreement is passed by Corress. But again, with the exceptib of Citicorp, there is little intent in retail business. Foreign excange and securivies unding, crosborder acquisitions and the luative privatization market are feling the rush to Mexico, especial for banks like Chase Manhatta J. P. Morgan and Bankers' Trus

And while it is the majorpanks that have the expertise and mancial clout to be big players over-seas husiness, there are sign that a few others may at least seek niche.

OR example, intions-Bank, the poterful North Carolin-based regional bank ad the fifth largest bank in the United States, has no offices oversas, but in the past year it has partipated in some syndicated forein debt deals for U. S. subsidiaries f multinationals, notably Franc's Machines Bull. The bank has ast inaugurated a new trading for in its Atlanta offices, where will trade foreign currencies

Nonbanks could become lobal players as well, says Edwar Furash a Washington, D. C. haking consultant. "Don't coun out groups like Primerica, AT& and GE Capital," he said. But Mr. Furash sees far geater

dangers than new compection, especially in the unpredictablemankets of Latin America and Asia. "One has to be wary, give our records," be warns. The backing industry as a whole doesn't have any memory, and it's sexy and attractive to have a network of offices to do financing in novly emerging financial markets. And that has been the most life-th-eatening in the past."

JUDITH REHAK is a jos based in New York

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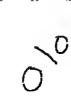
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Hong Kong Licks Chops Over China's Potential

By Kevin Murphy

une doubts China must raise an enormous amount of capital to keep its high-growth, reform-or-regress economy on track. How much of the resulting business, and underwriting fees, Hong Kong financiers can keep to themselves depends on Asian investment flows and rival money cen-

ters' aggressiveness. China's abandonment of central planning in favor of a move toward a market economy has awakened an national appetite for finance capital as provinces and municipalties around the country assess their inadequate infrastructure and undercapitalized businesses of every size scramble to survive.

Take China's telecommunications expansion program, for example, just one of several ambitions projects Beijing has earmarked as a priority area. Plans to quadruple the number of telephones in service to around 80 million by the year 2000 could cost up to \$100 billion, according to Salomon Brothers research, which alomon Brothers research, which believes half the amount must be

in foreign currency. Whether Beijing lifts restrictions on direct foreign equity investment in such strategic areas or not, enormous opportunities exist in channeing funds into this area, a scenario likely to be repeated sector by sector across the country.

One would have to think there is a hell of a banking play develop-ing here," said Enzio von Pfeil, an economist with S. G. Warburg Securities, of the prospects for profit in financing China's development.
"We're dealing with high savings
rates in the region and strong
growth in China. What more does

a banker want?" Hong Kong, home to a stock market thoroughly open to international investment and long a conduit for overseas Chinese funds destined for the motherland, has a headstart in staking a claim as China's leading financial

Analysts believe 70 percent of China's foreign investment to date has come from Hong Kong and more is likely to flow as the estimated 55 million Chinese scattered through an increasingly prosperous Asia utilize cultural

and family links to chase opportunities on the mainland. We will see increased Asian

hen could provide. At the same

time, a decision to turn to Hong

Kong was meant as a statement of

confidence in its role as an inter-

The plan to list nine compa-

nies was announced during the early stages of the political row with the British government over

the territory's political future," said a recent Warburg report.

"China has stuck with the plan

However, the Shanghai Petro-chemical issue highlighted con-cerns that the Hong Kong stock market might not be big enough to

Where many China-related ini-tial public offerings attracted mas-

sive oversubcriptions, Shanghai Petrochemical was only oversub-

scribed by 1.7 times, a result of

global coordinator Merrill Lynch and Hong Kong lead manager Per-egrine Capital Ltd. taking up 222.8 million shares each of the 840 mil-

lion to be listed in Hong Kong.

Senior stock market regulators

in Beijing expressed disappoint-ment with the Hong Kong stock

market at the time, suggesting it had "too short-term" a view to

But if Hong Kong is judged too small or too shortsighted to sup-port big mainland issues, other fi-

nancial centers and foreign-based securities houses appear willing to take on the job. "Chinese capital

raisers are reaching out to more markets all the time," said Mr.

McBain of a trend that has seen

"China plays" listed directly in

New York, London, Sydney and

in a novel listing, Dublin, markets

where they generally can list at

higher price-to-earnings ratios

support large industrial stocks.

national financial center.

despite the row."

handle the job.

self-reliance," said Mr. von Pfeil, echoing a belief that Asia's investment exporting economies will find their best returns within the region. Hong Kong will also retain an edge over rival money centers through its ability to provide ex-pertise as well as funds to China.

People tend to underestimate China's ability to finance much of its own needs as most developing countries do with accumulated savings," said Andrew Frenis, chief regional economist with Salomen Brothers Hong Kong Ltd.
"Where Hong Kong can help is
through helping China in its effors to reorganize its entire banking system." He was speaking of a
high priority campaign recently high priority campaign recently initiated by Beijing to regain con-

trol over a runaway economy. But a number of challenges to Hong Kong's strong position exist.

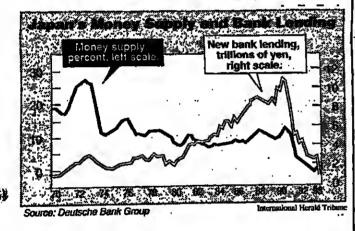
HILE Beijing knows it needs Hong Kong as an entrepot more than ever, it does not trust the soon-to-be former British colony completely either. Shang-hai nurses its own aspirations to become a financial market and is growing rapidly. And rival inter-national banking and financial centers are unlikely to allow Hong Kong, if it can indeed muster the financial muscle, an unimpeded run at the spoils.

Once transport and communications improve, Shanghai will make sense as a North Asian regional business center," said Rob-ert McBain, executive director of NatWest Capital Markets in Hong

Kong.
"The new city developing in Pudong (across the river from old Shanghail is for real," said Mr. McBain. "Many bank operations, including the 50 or so foreign banks with a presence in Shanghai already, will be there in live

The listing on the Hung Kong exchange of the first of nine blue chip Chinese industrial companies demonstrates the important role Beijing ascribes in Hung Kong and the practical difficulties that

can crop up. Companies like Shanghai Petrochemical and Tsingtao Brewery needed more foreign currency than listing on fledgling domestic



In Japan, Fears Ebb

Continued from page 11

ber, midpoint of the fiscal year, analysts expect the total to exceed 14 trillion yen (\$134 billion). The figure is up more than 10 percent from six months' earlier, reflecting continued high bankruptcies in the real-estate sector and growing insolvencies among small and me-dium-sized firms that have been pummeled by the yea's surge of nearly 20 percent against the dol-

But few analysts take these public figures at face value, a major reason being that many restruc-tured lnans are unt included. Rather than have a client declare bankruptcy and face full disclosure of losses, banks, often at government behest, are reducing interest rates to near nothing or lengthening repayment schedules. While restructurings of this sort deprive banks of interest on their loans, they avoid the public relations cost of reporting nonper-

"The numbers they're giving are still way too low," said Betsy Dan-iels, an analyst at Morgan Stanley & Co. She estimates that the true extent of the bad debt is likely to peak a year from now at some 38 trillion yen (\$364 billion). Of this amount, about half eventually will have to be written off, she said.

The Bank of Japan believes private-sector estimates are too high. putting the actual amount well below 30 trillion yen. The amount of bad debts will also peak this September, not a year from now, Japanese bankers say.

Whatever the true extent, which, given lax disclosure rules, will remain unclear, Japan's big-gest banks are rich enough to absorb the losses. But unlike American banks, which confronted a similar situation during the sav-ings-and-loan crisis, the Japanese are taking a gradualist approach to writing off their nonperforming

Although speedy action would engender losses, it would be the quickest way to restore balance sheets to health. In Japan, bowever, it remains taboo for a major hank to report a loss; none has done so since the end of World

"Our goal is to write off nonper-

forming assets as quickly as possi-ble within three years," a director of Dai-Ichi Kangyo Bank said, de-clining to be identified. "But we

because we need profits in order to pay a dividend." The result, analysts say, is that it will likely take five years for banks

can't go so fast as to report a loss.

to shore up their balance sheets.

Growth in lending, which fell to just 0.8 percent in August from the year before, has been declining since 1990. It has been contracting in real terms even as money supply rowth begins to accelerate, said Kenneth S. Courtis, strategist and chief economist at Deutsche Bank Capital Markets (Asia). "Small companies that lack access to the stock market are being squeezed

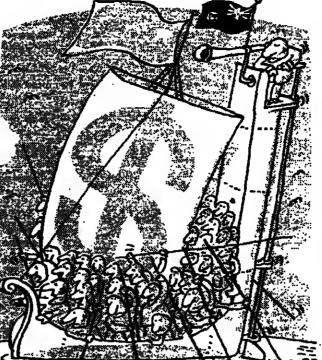
to the wall," he said. The cautious lending stance re-flects mit only the burden of bad loans, but also the fragility of many existing loans. Japanese bankruptcies continued to climb in August, rising 1.8 percent from July to 1,189 cases with total debts of 418.89 billion yen. For the first eight months of the year, bank-ruptcy debt totaled 4.09 trillion yen, down slightly from 4.6 trillion yen for the same period a year

HE DKB director said low leading growth was primarily the result of weak demand and poorer business prospects given the recession. But he conceded that loan officers had become more cau-

For now, tighter rems on credit are mitigated by relatively weak demand for loans.

A slowdown in bank lending hawever, could delay recovery once it comes, and contribute to a polarization of the economy into strong, large companies capable of independent fund raising, and weaker, smaller companies unable to get the funds they need. Ironically, it is these companies that are in the greatest need of restructuring due to the yea's appreciation and the gradual, but inevitable trend toward deregulation.

STEVEN BRULL is the International Herald Tribune's correspon-



than can be achieved at home or in

Hong Kong.
In a new-issue harbinger, Hong
Kong-based property group New
Wurld Development is launching
a \$200 million China investment lding company to be listed in Dublin with a portfulio of its mainland projects.

A rising wave of U.S. money earmarked for mutual funds will find its way into China plays in coming years if the American groups, which have greatly expand-ed their China ambitions, have a say in the matter. The United States and Europe remain the favored destination of new debt offerings and will for some time, according to Patrick Thomas. managing director of Oakreed Fi-

nancial Services in Hong Kong. "There is absolutely no doubt Asia has moved from an area uf speculative investment to inof capital," said Mr. Thomas.

Hong Kong and Asia in general have long favored equities for investment, only recently developing an appetite for fixed-interest debt. But trail-blazing work by the Asian Development Bank to create "dragon bonds," bonds in nonlocal currencies sold and listed in Asian markets outside of Japan, is being followed by other issuers.

A recent dragon bond issuer, Ra-bobank Nederland, said it planned to invest a share of proceeds from a \$200 million offering in a joint ven-ture bank in Shanghai in a development that will be watched closely by other large international groups eyeing the China market.

KEVIN MURPHY reports from

Going Beyond the Pork Bellies Futures and Options Market Expands Net

By Martin Baker

ARIS — Go to Chicago, and they'll sell you the sky. And if that concept appears improbably airy, wait for the good part: What you'd he buying wouldn't be today's sky, but the sky at some future date. While this may all sound like a scam to rank with selling the Brooklyn Bridge to tourists, it is, in fact, no more than the latest evidence of the vigor and innovative verve of traded intures and options, one of the world's most important financial

Since March, the Chicago Board of Trade (CBOT), one of the largest futures and options markets, has been offering contracts based on the sulfur dioxide emission allowance program developed by the U.S. Environmental Protection Agency under the 1990 Clean Air Act. It is, proclaims the CBOT, "the first step toward creating a futures market in clean air, one of the world's most precious commodities."

The somewhat breathtaking cheekiness of the newer

contracts on the world's futures and options (collectively known as derivatives) markets should be set against the history of the derivatives industry. Nineteenth-century merchants needed to cover themselves against fluctuations in the supply of key commodities. Out of this need the derivatives market was born, a market in instruments providing rights and obligations to buy and sell at fixed future prices. Chicago, the home of the CBOT and the Chicago Mercantile Exchange, has seen trading in futures and options contracts based on such commodities as coffee and pork bellies for more than

But the market has evolved greatly since then, as have those who trade in it, says Micky St. Aldwyn, London-based senior manager for international business development at international commodities trader and fund management firm, E.D. & F. Man.

Originally, we were a physical commodities trader, assuming risks that others were not prepared to take." he said. "We used derivatives to lay off a portion of that risk. Then we used the markets to trade our own account, and ultimately felt able to advise others on The firm, which has 36 offices around the world,

runs a well-known series of commodities funds, the Mint funds. "Assets under management have grown by 40 percent per annum for the past decade," said

That type of growth is quite usual in an industry that has expanded massively in recent years. The Sander, chairman of both the CME and GLOBEX.

CBOT's track record is typical. The exchange saw almost 100 million contracts traded over the year to the beginning of August, an increase of 11.2 percent on the preceding year. The CBOT is the world's biggest exchange on this measure, which is "the only true measure of a futures and options exchange," according to CBOT Chairman Patrick H. Arbor.

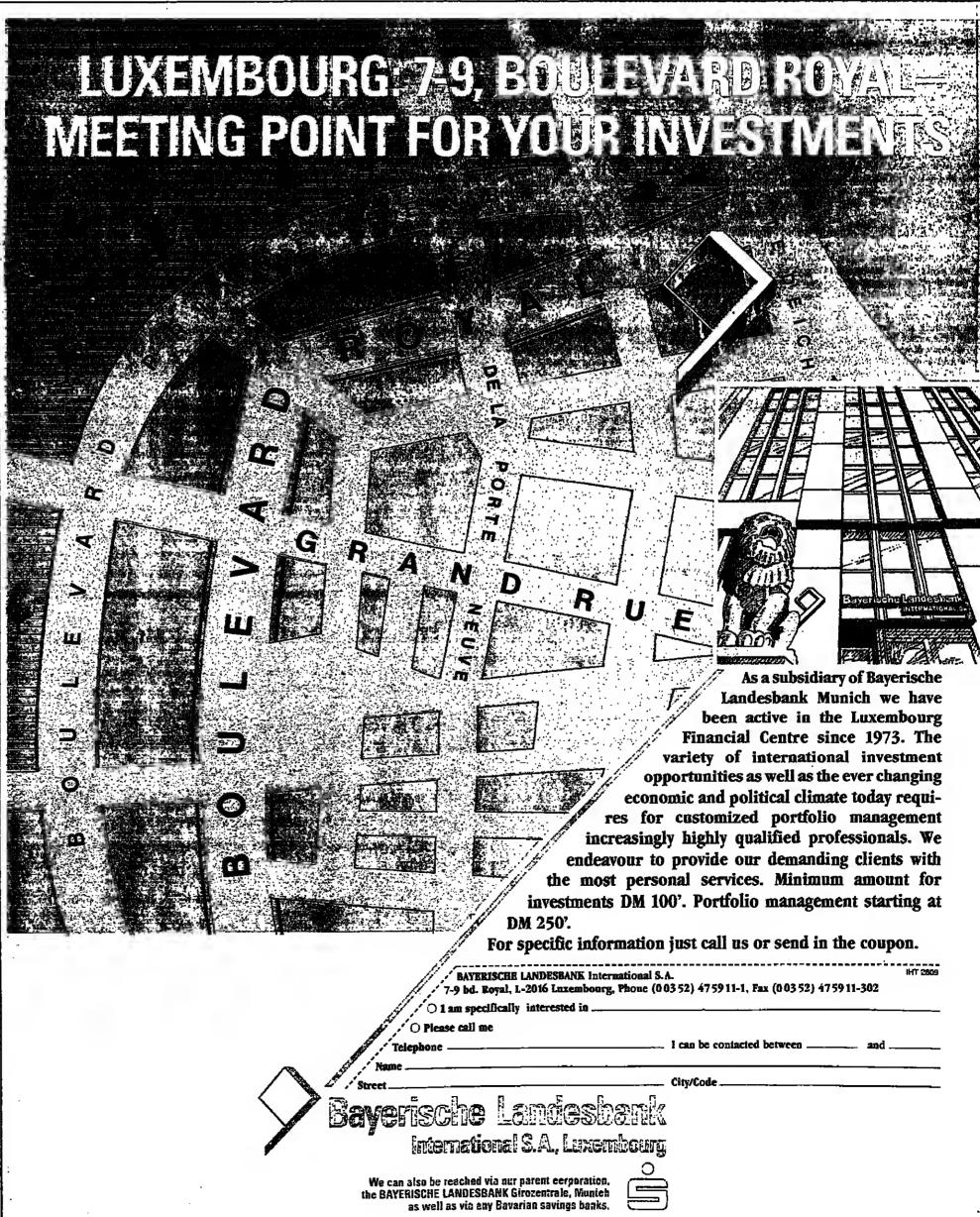
But if you take the underlying value of the contracts traded, the Chicago Mercantile Exchange (CME) far outstrips the CBOT. According to CME statistics, it traded contracts with more than \$80 trillion in value for 1992, compared to less than \$30 trillion in value for the CBOT that year. Whatever the criterion for growth, the two Chicago giants are both thriving.

The growth is set to continue, according to Dick Mikahmias, vice president of marketing at the American Stock Exchange (Amex) in New York: "The derivatives industry will continue to boom, because of the demand for products from both individual and institutional investors." Amex is one of the most innovative exchanges, and has devised and launched a series of new products over the past years. Mr. Mikalumias, however, reports a significant increase in vol-ume on one of the more "plain vanilla"-type products. Trade in equity option contracts is up more than 20 percent on last year, he said.

SIDE from its liquidity and subsequent low margin costs, the derivatives market has another important attraction for investors: Lit is international. "I can trade pretty much when, where and with whom I want," said Franck Vivier, joint managing director of the French asset management arm of the giant Japanese bank, Daiwa. The global derivatives market is not constrained by time or place."

Central to the globalization of the market has been the much-delayed and enormously costly evolution of GLOBEX, an electronic trading system for intures and options that offers products from three exchanges - the CME, CBOT and the MATIF in Paris. Developed by Reuters in conjunction with the U.S. exchanges, GLOBEX was originally scheduled to come on-line more than two years before its inception in June 1992.

The system has terminals in Chicago, Paris, London, New York, Tokyo, Hong Kung and Geneva, and operates 12 hours per day, between 6 A.M. and 6 P.M. Chicago time. GLOBEX traded its two millionth contract this summer, a fact which underlined "the sys-tem's utility to users worldwide," according to Jack



Success of Latin Bond Issues Inspires Rest of Third World

By Conrad de Aenlle

ARIS - Just a decade ago, Latin American indebtedness oearly ruined several economies and a few big banks. Since then, the debt has been successfully repackaged as "Brady bonds," the economies have been successfully repackaged as enclaves of capitalism, and it is again respectable for the Third World to go into hock.

Developing countries throughout Lasin America are issuing bonds on international markets to raise funds for badly needed modernization programs. Their enthusiastic reception has encouraged governments in Asia, Africa and Eastern Europe to do the same. And with the econtinued expansion of private enterprise across the poorer countries, corporate issuers are increasingly tapping the

. The most recent data compiled by the Organization for Economic Cooperation and Development shows a near doubling in the issuance of bonds from developing countries in the first four months this year, to \$8.2 billion from \$4.3 billion in that period of 1992. The full-year total for 1992 of \$14 billion was in turn substantially more than the \$8.3 billion figure for 1991 and \$4.5 billion for 1990.

Latin America continues to represent more than half of the market in oew issues, although East European states are becoming a bigger presence, having is-sued bonds worth \$1.8 billion this year through April, compared with \$1.3 billioo for all of last year.
Uotil the late 1980s, such new offer-

ings were rare. What opened the market was a plan devised in 1989 by Nicholas Brady, who was then the U. S. Treasury secretary, to securitize the Third World bank debt of the early 1980s. It worked, and these Brady bonds continue to make up a big chunk of emerging market debt. While the bonds still sell below face

bly as the countries that adopted the plan, mostly in Latin America, continue to convert their once-moribund planned economies into capitalist free-market democracies. They are also an inspiration to other governments, ootably in Eastern Europe, which are expected to give the Brady plan a whirl in the near future.

Sovereigns figure big in the market for new issues, too, but it is coming to be dominated by corporate borrowers, espe-cially in the better-established economies of Latin America. Of \$4.6 billioo raised this year in 27 Mexican issues, a J. P. Morgan report notes, those of banks and other companies account for threefourths of the volume.

Selling the bonds has been no trouble at all, with funds that specialize in emerging-market debt eager to snap up just about anything offered to them. Assets in such funds total \$3.5 billion, according to the fund research firm Lipper Analytical Services. Even mainstream funds, facing shrinking yields from traditional invest-ments as interest rates fall nearly everywhere, have committed large sums to emerging markets, although numbers are hard to come by.

Y most accounts, borrowers are putting the money to good use.
"A lot of it is going into infrastructure buildup, things that
have been ignored in Latin America for the past decade," notes Elizabeth Morrissey, managing partner of Kleiman Inter-national Consultants, a specialist in emerging markets. Corporations are using the proceeds for telecommunications and computer systems, "which they have had no access to because they've had no

Raising finance in the old days -three or four years ago - was a lot more difficult and less rewarding undertaking.
"Most companies in Latin America either borrowed domestically at prohibitively high rates or else they used retained earnings, which means they couldn't grow very fast," said Ashwin Vasan, a portíolio manager at Oppenheimer Management. "You can find amazing stories in which companies are significantly un-

derieveraged. "Leverage ratios are beginning to look more like developed markets. Anybody's willingness to take on debt is a function of what they expect the future to look like. The future was uncertain in Latin America, so they weren't very willing to take on debt."

The uncertainty has diminished. Ms. Morrissey thinks that buying Mexican

Brady bonds continue to make up a big chunk of emerging market debt.

debt "is not much riskier than buying European debt" and that "as these coun-tries stick to their economic program and continue to grow domestically, we're go-ing to see more of it." As for political risk, she said: "It's there, but it's in lots of other places. In Europe, how many people support government programs? But accidents happen. What if the

North American Free Trade Agreement is rejected by the American Congress? "First, the U. S. gets burt more than Mexico," she answered. "Mexico is building trade with its southern neighbors and the Pacific Rim, Really, what are they going to lose? They haven't put all their eggs in one basket. Those economies are probably going to grow faster than the U.S. economy anyhow.

For all the glowing reports, Chile and Colombia are the only major emerging economics with bonds deemed investment grade by Western credit-rating

agencies. Mexico is seen making the leap if NAFTA makes it through Congress. "If NAFTA is approved, as we continue to expect, there is a high likelihood that Mexicao sovereign Eurobood spreads over U. S. Treasurys will narrow and a reasonable probability that Mexico's sovereign ratings will be raised to investment grade in the next one to two

years," J. P. Morgan's analysts say. That would be good news for corporate borrowers. It is common practice to rate government debt higher than that of businesses, even if the businesses seem soundcr. Not fair, Ms. Morrissey says. Her argument is that "in a growing economy, corporations can take advantage of better circumstances before the government."

Mr. Vasan does oot see it that way: "The history has been that when the sovereign in Latin America has run into balance of payment problems — when the sovereign has not had dollars available to pay external debt - it has prevented corporations from paying their debt obligations. I don't want to paint a gloomy picture, but if push came toshove, the government would always take care of its interests before corporates. But I don't believe there's a large possibility

that will happen." Indeed, he pointed out that since 1963 there have been only four defaults on Eurobonds issued by Latin American companies. "A default will directly affect your credit rating and shut you out of the Eurobond market for years to come. Anything that's been restructured, they

rate one notch lower." A default or other "catastrophe" now would slow the flow of money into these markets significantly, he said, but there is nothing like that looming. What could turn the tap a bit lower and push up rates is something more innocuous: a reversal of the trend to lower American government rates. "As U. S. yields rise, making Trea-surys more attractive for funds that are yield hungry, U.S. debt becomes more competitive," Mr. Vasan said. "Latin

of the higher yields they have to pay." For now, though, borrowing continues apace, and it has spread to a number of new markets. "Eurobonds are coming out of just about everywhere," said Mis. Morrissey. "We've seen just about every Brazilian bank in the last six months or so. Turkey, the Philippines, a number of Indian companies [floated issues] last year and are gearing up to do it again. In Eastern Europe there have been a couple of sovereign bond issues."

T is hard to fault their timing, with demand high and rates lower than have ever been seen in most of those places. "At this point, if I were a developing nation corporation, I would try to tap the market now," said Ms. Morrissey. "Obviously, the appetite

As countries develop more fiscal discipline, they are finding they oeed no long-er issue paper denominated only in hard

"Investing in emerging markets has gone through a series of phases and trends," Ms. Morrissey observed. "The oext is local-currency bonds and money market [instruments]." Notable issuers include governments or companies in Poland, Turkey, Egypt, Morocco and Peru. Bonds come either with very high fixed rates to provide a return after inflation, or else they are priced as a set percentage above the inflation rate during their life-

She concedes that Third World gov-eraments had a miserable record on debt repayment not that long ago, but this time around, she says, they do not have

"They can't do a whole lot of backtracking, they can't totally go in and blow the budget; they'd be cut off from every-one. As international confidence in these economies continues to build, we'll see happen everywhere else what happened in Mexico."

projection based on average of monthly totals through July.

Cross-Border Acquisitions Acquisitions by country, 1988 through June 1993. Hong Kong Japan 3.642 Value, 5 billions Number of United States 2.955 69 Source: KPMG International

Bank Mega-Mergers

Continued from page 11 80 branches will have been cut, with 450 remaining.

Mr. Tobin said that he, too, expected the U.S. banking industry to keep riding the merger wave. Opportunities for reveoue growth from normal banking business are somewhat limited," he said. "As a consequence, many

banks will turn to acquisitions." Ellison Clary, a spokesman for NationsBank, said the merger that created that bank came off with few hitches. He added that Nations Bank is currently in the process of acquiring MNC Financial Inc., which operates 250 banking centers in Maryland, Virginia, and

is paying \$15.17 a share for some 90.8 million shares of MNC common stock, in a deal that should be finalized this week.

ATRIB INDEX

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"We feel the consolidation of U.S. banking will continue, and we'd like to be a part of it," said Mr. Clary, "We'd like to grow even larger."

Perhaps summing up the sentiments of many bankers both in the United States and in Europe anist the current industry climate, Mr. Clary said: "We're always looking for good deals."

PHILIP CRAWFORD IS a PAPER

Privatization Means Freedom in France

Continued from page 11

rural areas where many branches are oot profitable.

His challenge is to rebuild profits, set to shrink by half this year to 1 billion francs (\$180 million) as business clients face increasing difficulties paying back their loans under the weight of recession. Last week. Mr. Pebereau said the profit picture looked still dim for next year, predicting that recovery

would not be apparent until 1995. Even then, analysts say that he has an uphili battle, "Pebereau wants BNP to be the leading French bank in profitability, and that's a big ambition, considering competition like Société Générale aod Crédit Commercial de France," said Claire Fargeot, analyst with James Capel in London.

REDIT Lyonnais, still mired in a range of risky ventures, particularly to the film industry — it controls Hollywood's MGM — is out expected to be in shape for privatization before 1995. Under private control, analysts

say the banks should be able to profit from considerably more freedom to pursue their long-term strategic aims.

Uoder state ownership, both BNP and Credit Lyonnais often to act agents for the government, taking financial roles in industrial or financial reorganizations that had little to do with their own strategic interests.

ccruited to invest I billion francs in Air France and take a 10-percent stake in the money-losing national airline, while Credit Lyonnais was directed to inject 2.5 billion francs in Usinor-Sacilor, in exchange for a 20-percent stake in

the state-owned steelmaker. Analysts believe such obvious manipulations by the government will diminish after the banks are privatized, though they predict governmental influences will con-tinue to play a part in bank deci-sions, because the top managers will continue to be named by the

On the other hand, with the government withdrawing from shareholder status, a range of regulations that have protected the banking industry could soon give way to market forces. Analysts, in particular, predict that the longstanding interdiction in France on interest-bearing checking accounts might be the first regula-

tion to change.

Last year, Barclays was forced by the government to abort a 20-million-frane advertising cam-paign promoting an interest-bear-ing account that it bad devised by marrying a checking account with a high-yielding money-market fund, whereby the balance would automatically be invested in the fund. The British bank reformulated the product and relaunched it — taking advantage of a good amount of free rubbless. amount of free publicity.

With such regulations falling,

price wars could erupt, benefiting bank customers but putting further pressure on the banks' already paper-thin margins. Over the past month, the banks have engaged in price wars over con-sumer credit, dropping their rates from 14 percent to as low as 8 For the insurance sector, priva-

tization is expected to aid lo restructuring and international expansion efforts, by permitting the major insurers to make alliances through capital exchanges. As a result, the executives of the big groups say they will he able to position their companies for leading roles in a borderless European insurance market they envision after the turn of the century.

For UAP, privatization will present a chance to resolve a conflict with Compagnie Financière de Suez over Vietoire-Colonia, a French-German insurance merger in which UAP has o one-third stake. UAP has tried to shake loose Colonia, the No. 2 German insurer, but could not afford the cash terms demanded by majority owner. Suez. With shares to contribute after privatization, the way could open for a deal that would allow Colonia and UAP to join

forces. AGF, meanwhile, hopes to put together an alliance with Germany's AMB, in which it recently

increased its holding to 33 percent. The three big companies, which together account for a quarter of the French insurance market, will market their shares to investors by

With bank regulations falling, price wars For example, in 1991, BNP was could erupt.

> focusing on the potential for big carnings growth after a profits meltdown in 1992

The story's going to be, 1992 was a disaster year, but expect a strong recovery for the 1993-1995 period'," said Andrew Goodwin, insurance analyst with UBS/Phillips & Drew in London. The "story" is already being bought, he said, noting that the insurance sec-tor overall has witnessed a wave of buying since the start of the year. "Investors are relatively well disposed to insurance stocks at this point," Mr. Goodwin said.

NDEED, the planned selloffs followed a 1992 carnings debaele in which UAP's oet earnings phun-meted 71 percent to 1.08 billion francs, from 3.77 billion francs in 1991; AGF's profits dropped 44 percent to 1.495 billion francs, from 2.69 billion; and GAN's net fell 83 percent to 400 million francs, from 2.3 billion.

The profit declines were brought on by a sharp spike in recession-related claims, particularly auto thefts and small-busioess damages, a fiercely competitive eovirooment that kept premiums down, and, for some, a burst in the speculative real estate bubble that prompted heavy provisioning ot banking units.

Now, these companies say that the worst is behind them, thanks. mostly to falling interest rates, particularly short-term rates.

JACQUES NEHER is on the staff of the International Herald Tri-



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Companies Shopping Abroad

Continued from page 11

ess to far-flung markets. Some of hese are quite exotic. Investors in ealthier countries who commit funds to so-called emerging markets can diversify their portfolios while helping governments and besinesses in the Third World to appand and flourish. And as these markets gain acceptance, still smaller African, Asian and Latin American bourses are opening to the rest of the world; these are colown as "pre-emerging" mar-

Companies have benefited tremendously from the financing op-portunities made available by the more efficient middlemen competing with banks. "This has been a real good thing for corporations," commented Hugh Johnson, chief economist at First Albany Corp. "What they've been able to do is clean up their act; they've been able to raise money in the markets spend a little mooey on technology to become far more cost-effective and efficient."

Companies borrowed heavily from banks during the 1980s to grow their businesses and then had to start paying the money back. As they float record amounts of bond issues to retire

losers on the lending side: Companies raise funds without their assistance, then they turn around and use the proceeds to pay off their old bank debt, and another link becomes frayed. This is especially true in the United States. where the use of debt is beaviest and the trend to nonbank financing to get rid of it furthest ad-

For being losers, though, the banks are not doing so badly. The steep disparity between sbort-and long-terin rates has allowed them to pay less than 3 percent for depositors' money and then lend it back to the federal government by haying Treasury bonds at 6 per-

cent. It has worked well -so far. Because companies "have been able to reduce debt at banks, the banking system loses more of its healthy customers," Mr. Johnsoo said. "On a short-term basis, banks look like they're getting healthier. It looks like profits are ia capital is deing reduit; there has been a real success story. On a long-term basis, though, the system continues to become more

Analysts at the Organization for Economic Cooperation and Development are of the same opinion. "Banks have been caught in what could be called a scissors

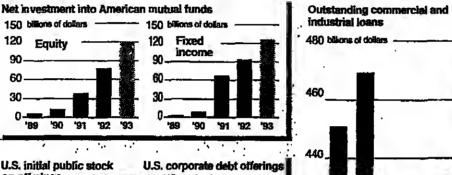
side and their liabilities side, they have been confronted with intense competitioo from ooohanks," they write in "Banks Uoder

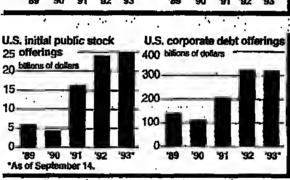
Bankers, of course, do not see it this way. Tom Swayne, who runs Chase Manhattan's European, Middle Eastern and African operations, believes the bigger commercial banks have become more eotrepreceurial and perform many of the functions of investment banks, Instead of beating em, they are joining 'em.

"My business is to get the client the most efficient form of capital available," he said. "We know the world is changing; we're not using the same products we used 20 years ago. . . . We're not looking at our busioess as simply making loans. . . . Banks that do only that woo't be around much longer."

But the trend toward more efficient and diverse financing will, he thinks. "I don't see this capital oon that's going to reverse itself," he said. "The investor is looking at interest rates at all-time lows" and demanding higher yields. "That's wby the bond and stock markets are cranking. They're also looking at overseas markets. . . . Because of the globalization and speed of process, they're being shown ac-

Bypassing the Banks





440_

Source: Securities Data Corp., Investment Company Institute, Federal Reserve Board.

cial banks will play their former "We have been muddling along. If this happens . . . eompanies won't be able to pay money to role in corporate lending. "It would be hard to imagine that reduce debt, they woo't be able to refinance old debt at lower cost; would happen," Mr. Johnson said. "It would take an enormous sort of financial crisis or upheaval that companies won't be able to raise virtually eliminated confidence of money in the stock and bond marsavers in money market mutual kets to reduce debt. . . . It would funds or other types of investderail the process of deleveraging America, and I can't think of worse news."

Actually, in such a circumstance, it is more probable that financing of all sorts would dry up. "What if either monetary or fiscal policy becomes deflationary Even if the markets take a big at a time when there's so much

. It is unlikely that commer-

CONRAD DE AENLLE is a Paris-based financial and economics

CHF

deflationary pressure?" he asked

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ISSUES in 1993:

JPY

DAIWA SECURITIES

ss to capital markets in

But what happens when the

crank stops? After all, stocks are

trading at valuations never before

seen, meaning shareholders are as-

suming significant expansion of carnings. And bond traders have factored in a loog period of stable growth with low inflation.

Many observers take these de-

velopments, and such phenomena as the love affair with foreign, es-

pecially emerging, markets, as

signs of reckless cuphoria.

they've never been before."

DEM JPY 30.000 m due 1998 DEM 600 m due 2000 CHF 100 m due 2000 JPY 40.000 m due 1998 DEM 1 bn due 2000

DEM 1 bn due 2003 JPY 50.000 m due 2000 JPY 50.000 m due 1999

BAYERISCHE LANDESBANK

SCHWEIZERISCHE V.B. DEUTSCHE BANK

USD USD 150 m due 1998

GBP 100 m due 2003

BANKERS TRUST

J.P.MORGAN

About 90% of funds, raised on the international capital market were secured from private sources. Economic and political stability make the country attractive for direct

foreign investments, reaching USD 5.5 billion by summer 1993, Foreign exchange reserves held by the National Bank of Hungary are around USD 5.5 billion, corresponding to six months of imports,

The two-tier banking system, re-established six years ago, offers wide range of financial services to businesses both at home and abroad.

zation Mean m in France

A Call to Defend the EC Ramparts **Belgium Asks for Protection of Airline Industry**

By Tom Buerkle nal Herald Tribune

BRUSSELS -- European Community officials, humbled by more than a year of monetary crises and political paralysis over plans for closer integration, tout the single market for goods and services as a permanent and unchallenged symbol of European progress.

But today even that symbol is under attack. As the recession bites and Europe's record unemployment lines grow longer, the single-market process of deregulation and competition is threatened by calls for protection.

On Monday, Belgium urged its EC partners to turn back on Europe's already hesitant path of liberalization by allowing air carriers to work together to cut capacity and draw EC funding to help ride out the industry's huge losses. Many carriers also are tapping their national governments for bailouts, and Competition Commissioner Karel Van Miert has warned of a subsidy free-for-all if aid requests are not resisted.

The Belgian initiative follows setbacks in mications, where EC laggards succeeded in delaying cross-border competition in voice telephony until 1998, and in energy, where the EC Commission has been blocked in its attempt to force power monopolies to open their grids to competitors.

sion President Jacques Delors to restore monctary stability by bringing back capital con-trols, and allegations by French and Belgian officials that Europe's monetary upbeavals were the result of an Anglo-Saxon plot, reflect a deep-seated suspicion of the market forces that European unity was supposed to unicash, analysts said.

The Community also remains divided on trade, with French opposition to an EC-U.S. farm pact looming as the biggest obstacle to a global deal to liberalize commerce.

"The Community process is under artack and has been since the Danes voted against Maastricht," said J. Paul Home, chief international economist at Smith Barney Shearson in Paris. The tortuous ratification process of the Treaty on European Union has fostered growing doubts among the public about the pact's objectives of political and economic integration, Mr. Horne said.

On the economic side, the idea that integration must involve greater competition and ess regulation is under attack because of the pain of recession, he said. Bernard Attali, the Air France head who recently called for airline collusion on capacity and prices, found himself under attack from his own govern-ment after announcing plans to cut 4,000 jobs earlier this month.

pen their grids to competitors.

More broadly, the suggestion by Commissaid. As a result, he added, "The single mar-

ket, Maastricht and the European Monetary System are in trouble."

The European market, it must be said, remains much more open than a decade ago because of EC efforts to tear down national customs, tax and regulatory barriers. The commission, the EC executive agency, said Mon-day that 90 percent of the 282 legal measures

establishing the single market were in force. But in several key areas such as public procurement, pharmaceuticals, insurance, in-tellectual and industrial property, and the free novement of labor, big barriers still remain.

As Mr. Horne said, talk of going beyond the single-market plan, which was drawn up nearly a decade ago is "absolutely nil."

The pressure to revert to old-style cartel arrangements is especially strong in aviation because of the size of the industry's losses. European carriers bave bled a combined \$5 billion over the last three years.

Pierre Godfroid, chairman of Belgium's Sabena, told an EC panel of aviation specialists two weeks ago that his company needed help because after laying off about 20 percent of its staff and imposing 17 percent wage cuts on the remainder, it was becoming "inde-cent" to ask employees for more. His appeal for aid and cooperation on capacity formed the basis for the Belgian government propos-

See EC, Page 21

U.S. Won't Budge on Blair House Pact

WASHINGTON - U.S. and European negotiators reported no progress Monday after efforts to resolve a dispute over reductions in

The U.S. trade representative, Mickey Kantor, and Sir Leon Brittan, chief trade negotiator for the 12-nation European Community, held a joint news conference in which their statements made it clear that both sides remained far apart after six hours of talks on an issue that is threatening to scuttle a O International Herald Tribune, global trade agreement.

tional institutions issued an unusual joint statement warning of the dire consequences for the world economy of a failure to settle the Urnguay Round of trade talks by a

The GATT director-general, Peter Sutherland, said at a joint news conference on the sidelines of the International Monetary Fund and World Bank annual meetings that it was a matter for the Community and the United States "to make sure that this round happens."

Mr. Kantor said the U.S. admin-

istration had made no change in its

firm decision not to reopen an

would cut farm-export subsidies.

Monetary Fund and the World Bank teamed up with the General Agreement on Tariffs and Trade to

pressure the United States and the

Community to unblock the global

The heads of the three interna-

agreement negotiated last year that

Separately, the International

I can't believe that it is a proba-bility that this round will fail. I do concede that there is a substantial risk," said Mr. Sutherland, who was Sir Leon's predecessor as EC Trade Commissioner during previous attempts to reach a GATT deal.

A joint statement issued with rector of the IMF, and Lewis Preston, president of the World Bank. said: "Failure to conclude the round would lead to greater protectionism and loss of confidence."

A joint study published Monday by the World Bank said a successful Uruguay Round, now in its seventh year, could add \$213 billion a year to the world's income in a decade.

But the United States and the Community have indicated that sorting out their differences is not

going to be a quick or easy matter. After a crisis meeting last Monday, the 12 EC states agreed to back French demands for a renegotiation of the farm trade deal

States last November, The French economy minister Edmond Alphandery, repeated that Paris wanted a GATT deal but

that it would not be rushed. A spokesman for Mr. Kantor said he would meet with Alain Juppe, foreign minister of France, to discuss differences on the Blair House agreement. The meeting will be held at the request of France and most likely will take place on Friday morning.

Mr. Kantor's office also said he would resume talks with Sir Leon on Oct. 13 in Brussels. One European official said in

Washington it was unlikely that pressure from the international podies would influence the talks. "This is a bust-up between the

world's biggest agricultural export-er and the second-biggest," he said. referring to the United States and (AP. Reuters, AFP)

OPEC Ministers Aim to Impose **Output Ceiling**

Compiled by Our Staff From Dispatches GENEVA - Saudi Arabia, the world's largest oil producer, came under pressure Monday to freeze its pumping of crude oil after OPEC agreed to general limits on

production in a desperate attempt

to pull prices back up.
Ministers of the dozen members of the Organization of Petroleum Exporting Countries opened a third day of bargaining by an-nouncing a decision to limit the group's total output to 24,5 million barrels a day over the next three months. That would hold output at or slightly below current levels. They were still searching, however, for agreement among members on exactly how to apportion that pro-

The nations hope their agreement will arrest the deterioration in oil prices, which in recent weeks have fallen to their lowest levels in three years. An OPEC benchmark price has been running about \$6 below the group's target of \$21 a

"We have now solved 50 percent of the problem," said the OPEC secretary-general, Subroto of Indo-

The Venezuelan oil minister, Alirio Parra, described the production accord as "a turning point" that would "send a good signal to the market."

The decision to cap production was disclosed after reports that President Hashemi Rafsanjani of Iran had made a telephone call to King Fahd of Saudi Arabia, Mr. Rafsanjani, according to Tehran Radio, urged "cooperation" to

drive oil prices up. But analysts said there was considerable skepticism in the oil market that the producers, who have reached and breached many production agreements in the past, would abide by any new output

The group currently is pumping about I million barrels a day more than its official limit of 23.6 million barrels a day for the third quarter.

In New York, the price of light sweet crude oit for delivery in No-vember rose 16 cents in the wake of barrel.

The ministers began bargaining in late afternoon to decide on the production quotas that would be assigned to each nation. Saudi Arabia, which supplies about one-third of OPEC's oil, was under pressure to bold pumping steady at its cur-rent quota of 8 million barrels a day, delegates said. The United Arab Emirates, an-

See OPEC, Page 21

Iran Says It Sought Saudi Help

New York Times Service GENEVA — Iran said Monday that President Ha-shemi Rafsanjani had telephoned King Fahd of Saudi Arabia to obtain the king's support for higher oil prices and closer cooperation.

Iranian radio said the two had agreed to cooperate on a policy intended to boost oil prices above their current general level of \$15 a barrel.

The current target is \$21, a goal that has eluded the Orga-nization of Petroleum Exporting Countries for years, partly because of intense political competition between Saudi Arabia and Iran within OPEC.

The highly unusual telephone call, announced in some detail by the state radio, reflects Iran's eagerness for more revenue to belp its depressed economy.

The announcement may also have been aimed at putting public pressure on Saudi Arabia to change its free-market approach to oil pricing that has tended to result in low

Thinking Ahead

Industrial Sectors

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Index, a booklet is available free of charge by writing to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, Franca.

Europe Needs to Fire Its Engine

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89.98 89,56 +0.47

International Herald Tribune World Stock Index e, composed

of 230 internationally investable stocks from 20 countries,

compiled by Bloomberg Business News. Jan. 1, 1992 = 100.

The index tracks U.S. dollar values of stocks in: Tokyo, New York,

London, and Australia, Austria, Belgium, Canada, Denmark,

Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed

of the 20 top issues in terms of market capitalization. In the remaining

Canital Goods

Rang Malarinie

17 countries, the ten top stocks are tracked.

Asia/Pacific Europe

France, Germany, Hong Kong, Italy, Netherlands, New

needs is a rocket. Mercifully abandoning the trite metaphor of the lo-comotive, the international officials who are trying to provide liftoff for the global economy say a rocket thrust from three engines at once will be necessary.

One good reason for not talking about locomotives is that there aren't any any more. No one country is strong enough to pull the world out of recession, as the United States last did in the 1980s.

For months now, the world's economic leaders have been calling for simultaneous action on three fronts: reduction of the budget defittit in the United States, stimulus to the economy in Japan and lower interest rates in Europe.

It's a convenient strategy in the sense that it reflects what the three are already trying to do, so it

doesn't require any major policy departures. And, as the Group of Seven confirmed with anoth-There is no longer

er insipid meeting in Washing-ton this weekend, nobody can any reason for offiwith every major country except Japan fighting to reduce big budget deficits, there's hitle room for a traditional fiscal shot in the arm. cials not to cut interest rates faster.

So it would be nice if the world's major economic power centers would at least get on with fueling up the rocket engines. As it is, none of them is

doing enough.

In the United States, President Bill Clinton has made a start on cutting the budget deficit, but he still has a long way to go. Japan has been busily trying to boost its economy, with stimulus packages and interest-rate cuts, but still needs to do more, preferably by cutting income taxes.

But it is the Europeans who are the worst lag-

There is no longer any reason for the Europeans not to cut interest rates faster. And in the last few days, they have come under a barrage of calls to do just that — from Lloyd Bentsen, the U.S. Treasury secretary, from an unusually outspoken International Monetary Fund and from their own Sir Leon Brittan at the EC Commission The Europeans are running out of excuses.

When the European exchange-rate mechanism was still binding currencies tightly together, most of them could argue that they had to wait for the Bundesbank to act so as to keep their exchang rates in line. That doesn't apply any more. With the mechanism's new 15 percent fluctuation margins for most member currencies, they are free to move without waiting for the Bundesbank to open

Now the Europeans say they still don't want to see their exchange rates slide, or to damage their inflation-fighting credibility. Of course. But foreign-exchange markets have recently been kinder to countries with improving growth prospects than to those with high interest rates.

And, because most people expected interest rates to fall much faster than they did after July's currency crisis, the markets are probably already valuing European currencies as if interest rates

If rates were cut more sharply, currencies would probably not fall very far. And if current exchange rates are more or less right, then currencies that fell would come back up in due course.

Credibility is more likely to be eroded if countries are thought to be mismanaging their economies by failing to cut interest rates fast enough. (In fact, the credibility

of the exchange-rate mechanism was undermined of the exchange-rate mechanism was undermined precisely because high interest rates were seen as conflicting with domestic policy needs.) And there's little risk of inflation coming roaring back. Much depends on France, which is still waiting for the Bundesbank, largely for political reasons. But with Hans Tietmeyer taking over as its president this week, waiting for the Bundesbank may be

just as frustrating as ever. Mr. Tietmeyer will want to show right from the start that he's a tough inflation-lighter who puts German interests first. For the first time in years, the other European

countries are in a position to take the lead instead of Germany. They should hesitate no longer. Con-certed interest-rate reductions would boost the West European economies and spread confidence much more widely. It won't be enough to solve all the problems of the world economy. But if the European stage fails to ignite, the rocket will never get off the ground.

Investcorp Buys Up Rest Of Gucci

MILAN - An Arab-backed in vestment bank became the sole

owner Monday of the luxury-goods maker Gucci, once a symbol of Italian designer chic whose reputation had become tarnished by family feuds and tattered finances. Investcorp, a bank based in Bah-

rain, and Maurizio Gucci, co-owner and chief executive of the company, said in a joint statement that investcorp had bought its former partner's 50 percent stake for an undisclosed sum.

The decision ends a year-long battle for control of the unprofitable leather-goods and clothing company that had threatened to paralyze the group's operations.

According to the statement released in London and Milan, the bank bought out Mr. Gucci in a

"friendly and amicable resolution" of the dispute.
"Investcorp will provide the financial strength and ensure the managerial and marketing exper-

managerial and marketing exper-tise required to continue the re-structuring and repositioning of the group which I initiated a few years ago," Mr. Gueci said.

But the friendly wording of the divorce agreement belied the bitterness of a marriage in which Mr. Gucci and Investory took their struggle for command into the courts. At one point, the company's

See GUCCL, Page 21

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CURRENCY & INTEREST RATES

NASDAQ Indexes

MARKET DIARY

Bond and Oil Gains Kindle Stock Rally

Compiled by Our Stoff From Dispatches
NEW YORK — Stocks rose sharply Monday, boosted by soaring bonds, rising oil shares and program tradiog.

The Dow Jones industrial aver-

N.Y. Stocks

age rose 24.59 points, to 3,567.70. and advancing issues on the New York Stock Exchange outnum-bered decliners by an II-10-6 ratio.

Traders cited the buoyant bond market as the central catalyst for the stock rally. The 30-year Trea-sury bond's yield tumbled to 5.95 percent from 6.05 percent on Fri-

The fixed-income market was encouraged by the Federal Reserve Board's revelation late Friday that its policy-setting Federal Open Market Committee bad shifted its stance away from raising interest

rates in August.
With U.S. money-market rates low, funds are flowing to higheryielding investments, such as stocks and long-term bonds. "As long as short-term rates are at 3 percent, people that are rolling certificates of deposit are looking for other alter-natives," said Steven Northern of to a record 759.96. (Bloomberg, Massachusetts Financial Services. Knight-Ridder, UPI, AP)

Organization of Petroleum Exporting Countries agreed to a fourthquarter production ceiling of 24.5 million barrels a day. If the agreement holds, output would be cut from the current rate of 24.7 million barrels. The November crude oil contract on the New York Mercantile Exchange gained 16 cents, rising to \$17.73 a barrel.

Early program buying helped set the tone for the session.

BankAmerica was the most-ac tive New York Stock Exchange is sue, down 1 at 45%. Prudential Se curities Inc. upgraded its rating on day as its price jumped 1 13/32, to the second-largest U.S. banking npany, but Donaldson Lufkin & Jenrette Securities removed Bank-America from its recommended list and trimmed earnings estimates for 1993 and 1994.

International Game Technology followed, up I at 40%. The gambling industry has shown strength in recent sessions.

Intel led the over-the-counter market, rising 1% to 70%, followed by Microsoft, up 24 to 824. Strong technology issues boosted the Nas-

Easing Russian Tension Pushes Dollar Lower

against major European currencies with Prime Minister Morihiro Hoson Monday, losing strength as ten-sions in Russia weakened.

Investors last week fled to the perceived safety of the U.S. dollar and out of German marks after

Foreign Exchange

President Boris N. Yeltsin of Russia disbanded the parliament. Germany is Russia's biggest creditor. and it is seen as most vulnerable to political problems in the country.

"It's more than likely there will be some form of resolution" of the Russian political standoff, said Bunt Ghosh, head of fixed-income research at Credit Suisse First Boston in London.

cooling, however, people are reversing course and putting money back into marks, said Amy Smith, curren-cy analyst at the consulting firm IDEA. Investors "are able to stand political instability as long as the military stays uninvolved," she said. The dollar fell to 1.6282 Deut-

sche marks from 1.6385, to 1.4200 Swiss francs from 1.4285 and to 5.6770 French francs from 5.7055. er at National Australia Bank in The pound rose to \$1.5139 from

The dollar edged up to 106.10 year

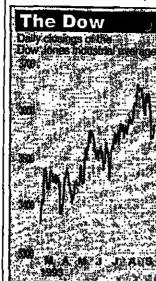
from 105.95. President Bill Clinton NEW YORK - The dollar fell of the United States was meeting okawa of Japan on Monday, although the market was not expecting major developments to arise from the session. The United States had been seen as complacent about the yen, apparently hoping the de-preciation of the U.S. currency

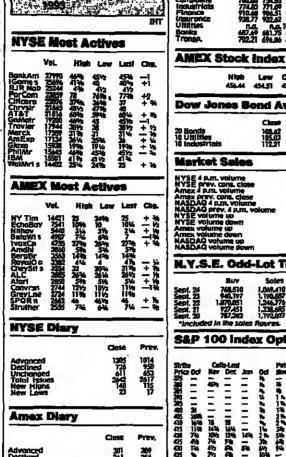
accept increased imports. Technically, the yen was poised to weaken, according to Peter Bokma of United Gulf Manage-ment, "All the sborter- and longer-moving averages and their chart patterns very strongly suggest that the yen will be higher against both dollar and mark within a few Now that tensions in Russia are weeks, perhaps to 109 yen to the dollar," be said.

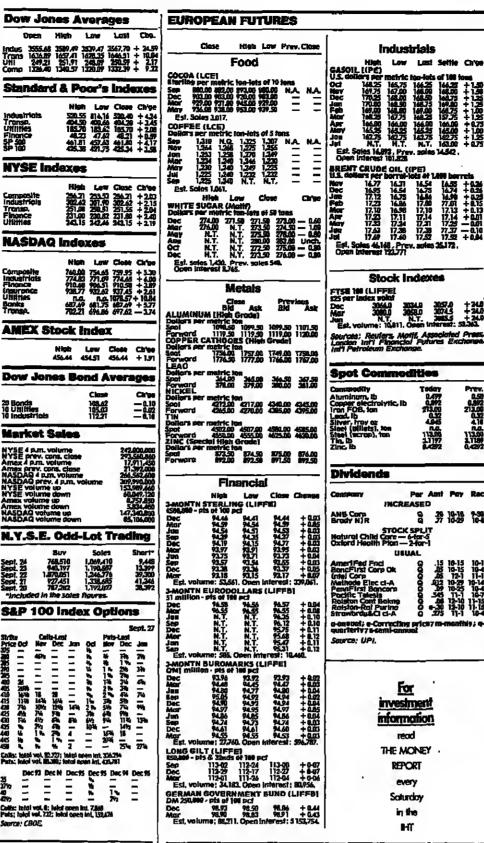
would help exporters if Japan re-fused to stimulate its economy to

Earlier in London, the dollar slipped against the mark because of the evaporating Russian tensions. The dollar stood at 1.6310 DM. down from 1.6385 DM before the

"The Russian talk has been pushed into the back of dealers' minds," said Stan Pratt, chief deal-Londoo. "It looks like Yeltsin has got the upper hand." (Bloomberg, Knight-Ridder, Reuters)







U.S./AT THE CLOSE

Paramount: QVC Must Detail Funding

NEW YORK (UPI) - Paramount Communications Inc. said Monday it would consider QVC Network Inc.'s hostile buyout offer once QVC provided details of the bid's financing.

Martin S. Davis, the Paramount chairman, said: "The board of directors met today and took no action on the QVC proposal. Paramount will consider the QVC proposal when there is satisfactory evidence of fmancing." The move by Paramount steers a middle course between the rival bids from QVC, worth about \$10 billion, and Viacom Inc.'s friendly

offer of about \$7.8 billion. Barry Diller, in a letter sent to Mr. Davis over the weekend, said there was "no question" about the financing. Allen & Co., an investment firm,

gave QVC its "assurance" funding was available. • William L Kock, chairman of Kendall Square Research Corp. and winner of the 1992 America's Cup yacht race, said he planned to bid for at least part of Metro-Goldwyn-Mayer Inc., currently owned by Credit

Floods Cut U.S. Home Sales in August

WASHINGTON (AP) — A four-month string of rising home sales was snapped in August when the effects of heavy rains in the Midwest kept buyers from taking advantage of low mortgage rates, an industry group announced Monday.

Home buying also slowed in the South, although much less than in the Midwest, and helped offset gains in the Northeast and West. Sales of existing single-family homes nationally totaled a seasonally adjusted annual rate of 3.81 million, down 1.3 percent from 3.86 million in July, the National Association of Realtors reported.

Suit Says Apple Forced CEO Switch

NEW YORK (AP) — Apple Computer Inc.'s board of directors forced
John Sculley to step aside as chief executive officer in June, according to a
lawsuit filed by a director who was forced out of the company.

If true, the claims would sharply counter explanations by Apple and
Mr. Sculley of the transition. But it would confirm speculation in
financial and technology circles of upheaval that has been worse than
publicly discussed by the No. 2 maker of personal computers.

Albert A. Eisenstat, the company's former executive vice president and
a director since 1985, made the claims in a lawsuit he filed last week in a
California state court. He sued Apple and Michael Spindler, who suc-

California state court. He sued Apple and Michael Spindler, who succeeded Mr. Scalley as chief executive, alleging breach of contract, wrongful termination and age discrimination. He claimed he was forced out because he opposed Mr. Spindler's reorganization plans.

For the Record

Philip Morris Cos. said Monday it would invest more than \$200 million in a cigarette-manufacturing business in the former Soviet republic of Kazakhstan. (Bloomberg)

Commonwealth Edison Co. said it would refund \$1.34 billion to customers and reduce electricity rates by 6 percent to settle a six-year

Spiegel Inc. said it had formed a joint venture with Time Warner Inc. to create two new home-shopping services for cable television. (Reuters)

Weekend Box Office

The Associated Press

LOS ANGELES - "The Good Son," starring Macaulay Culkin, opened at the top of the U.S. box office over the weekend with \$12.3 million. Following are the Top 10 moneymakers based on Friday ticket sales and estimated sales for Saturday and Sunday.

1, "The Good Son"	(Twentieth Contury Fox)	\$12.3 million
2. "The Program"	(Touchstone Pictures)	56.5 million
3. "The Fugitive"	(Worner Brothers)	55.3 million
4. "Striking Qistonce"	(Columbia Pictures)	\$5 million
2. "The Age of Innocence"	(Columbia Pictures)	\$4.7 million
6. "Undercover Stues"	(MGM)	\$1.5 million
7, "The Joy Luck Club"	(Hollywood Pictures)	nolliim 6,12
8, "Worlock; The Armoseddon"	(Trimork Pictures)	\$1.4 million
9. "The Man Without a Face"	(Worner Brothers)	\$1.6 million
10. "Jurassic Park"	(Universal Pictures)	\$1.6 million

U.S. Leaving Coffee Group

NASDAQ Diary

LONDON - The United States announced Monday it was withdrawing from the International Coffee Organization, to another blow to the world's price-supporting commodity pacts.

Producer nations expressed deep disappointment at the U.S. move, with Brazil saying it indicated "a certain indifference" on the part of President Bill Clinton's administration.

But the American delegate, Ralph Ives, said at a council meeting of the London-based group: "Given our decades of commitment to international cooperation in coffee, we do not take this step lightly. We simply do not have the support at home to remain in the coffee agreement.

U.S. FUTURES

Via Associated Press				Sept. 27			_														-
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3.33 2.98 Mar 9 3.25% 2.98 May 9	3 3.22 3.23 4 3.27% 3.23 4 3.17% 3.17 3.06% 3.07	4 3.70 4 3.14%	3.20%-	9,619 -0,62 1,513	133.00 133.50 133.25	170.00 Jul 94	M 128.40 129.00	128.40 127.80	127.50 129.50	128.95 128.95	+0.55 1,	,097	Est, soi Fri's or	es 5,074 Fr en int 36,316 IN MARK (78. 30jes	3,279					
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115 2.12% Dec 9 Est, soles NA, Fri Fri's open in 12,739 CORN (CBO1)					Fifs o	les N.A. Frit sen int 17,588	UD 134	1,200					D.6130 Est, sai	0.5007 Jun 9	1 50kg	5 3A12	6	D.4059 D.6078	+44	203	
5,000 by minimum- de 2,68% 2,25% Dec 9: 2,66% 2,32% Mar 9:	5 7.49% 2.50 4 7.56 2.57	13 245Vs	2.44	4.02% 149,278 -0.01% 40,655			N	lefak	s			-	JAPAN S PET YE	0.500 Jun 9 en 137,690 F en 160 77,247 ESE YEN (C 11- potat aqu	(MER) (ds 50,00	1900					,
9 70U 9 70U ABOV 9	M 740L 241	14 9 574	2.61 -	0.01 1/2 40,655 0.01 1/4 13,389 0.01 1/4 12,111 0.00 1/4 1,542	HI GR/	DE COPPER	(NCMX)					- 12	0.0000	TOWNSON POR	3 money	JILUN MI	MADEL		. 11	61,263 42 2,852	1
2.55 2.36 Vs Doc 94 2.57 2.56 Mor 9	26% 25 25% 25 25% 25 25% 25	2.50V ₃	2.51%	0.00% 1,542 0.00% 6,460 0.00% 7	110.10 204.30 114.45	74,50,50p 93 76,50 Oct 93 77,20 Nov 93	77.95	77.95	77.70 77.80	77,80 77,80 73.10	-0.40 -0.25 -0.25	423 826	Est, sok Fri's op SWISS F	0.009000AAOF9 SE 15,436 FA IN PORT 63,335 PRAINC (COM	off 31 CR)	1 12.39	5				
Est, sotes NA. Fri's open by 245.505 SOYBBLANS (CBOT)	of 204				107,20 104,49 107,59	76 70 Dec 91	78.40		78.05	78.55	-0.40 344	898	5 per êt; 0,7212 0,7190	D.6400 Doc 9:	0.4970	0.7034	3.6962 3.6960	0.7004		81,917 304	
7.57½ \$.555½ Nov 9: 7.56 \$.76½ Jan 94	4.52 4.50 4.58% 6.56	% 4.0 % 4.0	6.45%-	4.06% 95,370 4.06% 79,424	19,30 102,20	77,75,3an 94 77,80,Mor 9 78,40,Apr 94 78,40,Moy 9	77.10 79,58 4 73.90	78,55 79,50 80,30	79.00 79.50 79.70	79,05 79,25 79,35 79,35	-0.45 2.1 -0.45 2.1			Just 94 Sep 94 IS 16,497 PA	4,0794	0.7000	0.4940	0,0770	+51 +11	22	
7.51 5.92½ May 9 7.51 234½ Jul 94	6.641/2 6.66 6.641/2 6.66	6.521/3 6.521/3 13 6.561/3	65PA-	0.0014 10.305	89.50 107.95 103.30	79.25.Jun 94 79.26.Jul 94 80.60 Sep 94 80.50 Dec 94	BD 50	80.53 81.89 81.60	80,25 80,45	89,00 80,55	-0.45 -0.45 -0.45 2.1	146	Fri's op	to Int 52,313	UP 12						
50798,045 (CB07) 5,000 by minimum- d 7,579 5,555 Nov 9 7,54 5,764 Jan 9 7,54 5,974 Mar 9 7,51 5,974 May 9 7,53 4,37 Aug 9 7,53 4,37 Aug 9 6,76 4,17 Sep 9 6,76 4,17 Sep 9 6,76 5,17 Sep 9 6,76 Sep 9	6.69% 6.89 4 6.62 6.64 6.43 6.44 4 6.28 6.29	4.38% 4.38%	657 -	ADKW 1.279	101,90 18,50 95,50	67 PS Jmg 95			11.40	#1,20 #1,20 78,80	-0.45 2.1 -0.45 2.1 -0.45 -0.4	191			Ind	lustri	ials		_	_	
Jon 95 Est. Soles N.A. Fri's Fri's openint 151,186 SOYBEAN MEAL (C	5.5cdes 26,14	,	433 -	0.0297	88,50 85,50 85,50	75,00 Feb 93 61,30 Mar 93 84,30 May 9 82,80,3ul 95	5	N.90	B1.A0				SO COOK IP-	L (NCTN)							
50YBEAN MEAL (C 1001003- dollars per to 239.20 181.700cl 93	DBOT) M 196.50 196.5		195,90	—I,80 12,429	84.80 Est, soi	80,00 Aug 9: es 6,000 Frf	's. solen	5.223		0.25	-0.45 -0.45	18	14.00 14.25 14.20	51,850ci 95 54,60 Dec 90 55,62 Mar 9	57.00 57.70	58.50 40.00	57.05 59.44 51.05 61.50	51.20 51.92	+0.50 +0.26	325 20,649	
240.00 13.48 Dec 91	198.70 199.2	9 19520 9 19590	195,89 196,40 196,90 196,90 206,85 200,90 201,80	-2.10 36,805 -1.50 6,300	GI VE	0 (CMOX) 27 62 - CBTIS TH 35LD 5 60 90 452.0 Oct 93				404.5		1	M.85	57.0 Mgy 9 53.30 Jul 94 59.51 Oct 94	4 63.65	61.35 81.75 42.20 62.30	61.50 62.15 62.30	99.92 41.32 81.75 67.23	+0.26 +0.25 +0.32 +0.23	1.664 2.133	
237.50 154.00 JCm W 237.50 165.50 JCm W 232.00 165.50 JCm W 230.00 197.50 Jul 94 223.00 197.50 Sep 94	203.00 203.0 203.00 203.0 203.00 203.0	N 1982NO	199.90 209.85	-1.90 5,379 -1.30 3,890	452.0	452.0 Nov 73				4043 4043 407.9		6	2.45	SPANDEC PA	62.45	62.M	62.35	62.45 62.45 63.10	+0.30 +0.10 +0.10	2,834	
204.00 195.00 Oct 94	20220 2022		201.00 190.00	-1,00 12,029 -2,10 34,005 -1,50 0,360 -1,70 0,362 -1,70 5,379 -1,30 3,690 -1,10 1,341 -0,00 746 -0,70 476	553.0 544.0 554.5	362.0 Dec 93 368.5 Jon 94 364.0 Hor 94			404.5 409.0	407,3	-73 50,2 -73 -74 13,3	91	TE OP	NA FIT	10 551 10 551	2.007					
207.00 176.00 Dec 94 Est soles N.A. Fri's Fri's open int 78.063	198.00 199.6 5. soles 12,12 UP 111	0 197 <u>.5</u> 0	197.80	-1.30 219	544.0 554.5 555.5 565.0 541.4	371.0 May 9 371.0 Jul 94 374.5 Sep 94 380.0 Dec 94	419.0		4165	411	33 2	7	19.20 19.20 19.25	#7,80 Oct 90 50,85 Nov 90	51.85 54.75	54,00 54,90 55,40	#2,#0 53,40	53.60 54.10	+0.15	30,492 35,122	
Fri's open int 78,043 SOYBEAN ORL (CBC 60,600 lbs-dollars per 24.05 19.55 Oct 93	77) 200 lbs. 24.40 24.5	23.50	24.06	-0.17 8,885	572.0 540.0 572.0	401.0 Jon 75	5	49.6	424.0	64.3 64.3	777923	80	72.00 72.25 72.00	\$1.00 Dec 93 \$2.00 Jon 94 \$1.25 Feb 94 \$2.05 Mor 94	45.90	55.40 53.90 56.00	51.45 53.15 53.15	\$4.10 \$4.92 \$5.45 \$5.57	+0.25	43,967 25,300 9,873	Ľ
25.95 20.90 Jon 94	24.50 74.6 24.50 24.6	24.01	24.16 24.17 24.15 24.10 23.99 73.80 23.90 23.00 22.83	-0.17 8.885 -0.21 32,107 -0.22 5,968 -0.23 7,567 -0.24 3,571 -0.24 3,357 -0.00 739 -0.27 555 -0.27 649	554.0 595.0 Est. soi	416.0 May 9: 420.0 Jul 95 14.000 Fri	l's coles	9.475		433	-8.6 -8.6	M g	0.50 0.75 7.50	12 20 Apr 94	52.00	\$2.90 \$4.00 \$4.00 \$4.00 \$4.00	51.70	557 557 557 557 557 557 557 557 557 557		10,221 4,842 2,223	
26,09 21,39 AAOY 9. 25,95 21,50 Jul 94	34.50 24.5 34.45 24.4 24.10 24.10	23.96	24.10 23.99 23.00	-0.23 3,911 -0.24 3,357 -0.00 729	PLATE SUITOV	CIM (NMER	OT 757) trov cz.					5	8.00 7.50 5.40	51,30 May 9 51,30 Jun 94 51,45 Jul 94	91.90 92.70	52.50 52.70	52.45 52.20 52.40	999 949 947 947	+8.37	1715 1777	
24.10 22.25 Oct No. 22.75 22.00 Dec No.	21.00 21.5 21.00 22.5 22.00 22.5	23.00	23.00 23.00 22.60	-0.27 551 +0.45 532 -0.17 649	47.50 47.50 47.50	234.80 Oct 90 234.00 Jan 94 225.00 Apr 94	363.50 364.50 365.50	365.50 365.50	359,00 361,50 345,00	360.00 361.80 362.80 363.50	-140 34 -140 44 -140 23 -140 13	71 5	7,17 7,36 8,30	\$2.45 Aug W \$3.45 Sep M \$4.55 Oct M \$5.55 Nov 94	55.10	\$5.10 \$4.05	55.10 56.05	54.17 53.12	+0.31 +0.31 +8.31	MI 537 308 1,297	
Est. sales N.A. Firth	s. soles 15,316 up 1684	0			428.00 Est. sol	257.303.01 M	366.00	JEA.DE ;	346,00	363.90 365.40	-3.60 1,2 -3.60	1 2	9.00 7.90	\$4.50 Dec 94 54.75 Jon 90			36.03	55.00 57.72 57.72 55.82	+0.31	1,297 196	
	Livesi	nck			GOLD	en lot 15.MS (NCADO) OZ-dollors De	r trov or.					Ē	er, acre	NA FIT	100 SI	45,655 P		22.44	+8.31		
CATTLE (CMER)		·			407.30 411.50	343.80 Sto 93	357.00	357.20 S	552.60	251.70 351.80	_3,76 S.7:	22 2	,000 bbi	- 000025 Der 1	17.64	18.05 18.22	17.54	17.73	+0.36 %	2.195	
74.70 Rs Onths Der R 74.70 47.50 Oct 93 74.45 46.10 Dec 93 76.52 70.90 Feb 94	73.75 71.0	73.10	72.72 73.15	-0.40 17,200 -0.60 24,925 -0.50 13,270	414,00 415,70 418,50	331,70 Dec 95 232,80 Feb M 385,36 Apr 74 239,40 Jun M 341,50 Aug M	258.90 340.70 259.00	359.40 541.10	354.20 357.00	35L70 35S.70 357.40	-370 93.0 -370 15.4 -370 16.0 -370 -370 -370	71 2	1.00 9.95 3.10	17.14 Dec 93 17.40 Jan 94 17.44 Feb 94 17.85 Mar 94	19.20 18.40	18.45 18.45	17,77 17,94 10.15	17,92 18,10 18,27	+0.14 +0.14 +0.14	21 <i>.47</i> 5	
76.52 AN Feb W 74.27 71.25 Jun 94 74.27 71.25 Jun 94 74.25 70.22 Aug 94 74.25 70.22 Aug 94 Est. soles 15.592 Fri Fri's open int 72.719	75.80 75.8 72.15 72.15	72.10 72.10 74.17 0 75.25 71.82 71.92 71.10	浩	-0.50 3.270 -0.50 1.120 -0.45 5.57 -0.53 2,141 -0.35 457	417.20 415.00 417.50	239.40 Jun M 341.50 Aug M	364.00	M0.00	360_00 366_00	357.80 340.70 340.40	-379 -379	2	0.66 0.80	16.20 May 9	18,71	18.57 18.57 18.50	16.27 16.40 16.52 18.45	10.10 10.27 18.41 10.54 10.54 10.76 10.95	+0.14 +0.14 +0.13	8.444 10.125	
73.25 70.52 Aug W 73.25 71.50 Oct 94 Est. soles 15.592 Fri	71,40 71,4 71,40 71,4	70.20 9 71.10	70.37 71.30	-4.35 2,181 -4.35 457	41100	344,00 Oct 94 343,00 Dec 94 343,50 Feb 95 344,50 Apr 95	368,80	368.80	M4.00	27.0	7.5	2	1.05 0.78 0.78	18.37 Jun 94 18.50 Jul 94 18.60 Aug 94	18.57	18.99 19,08 19.13	18.75 18.77	18.86 10.95	+0.12 +0.11 +0.10	ID.194	
SQLOOD lbs cents per R					417.00 428.00 East, scale	361.26.Jun 90 s 35.080 Fri	375.00 : 5 soles	75.0g : 19,538	375,00	349,80 371,80		2		18.72 Sep 94 18.78 Oct 94 18.80 Nov 94 18.74 Dec 94	19.13 19.16 19.20	19.30	19.07 19.12 19.86	19.01 19.65 19.08 19.11	+0.10 +0.10 +0.30 +0.10	9.471 4.784 5.837	
		5 P4.75	85.95 84.37 84.82	-0.35 144 -0.59 2,467 -0.45 1,512 -0.45 1,313	11300		- I(A					_ } ;	0.80 1.13 9.07	19.00 Feb 95		19.22	19.15	19.11 19.15 79.19	+0.10	2,14	
57.75 75.90 Oct 91 88.80 77.45 Nov 92 84.90 79.91 Jan 94 85.35 81.28 More 94 85.80 86.75 Aug 94 85.80 81.86 Apr 90	85.15 85.26 64.15 64.11 82.35 82.46 80.30 80.30 81.50 81.50	83.75 82.10 80.25	84.37 84.82 83.87 82.10 80.35 81.25 80.55	-0.45 1.373 -0.40 761 -0.40 26 -0.45 203			Fin	anci	al				9.66 9.30	18.99 Jun 95				19.23 19.20 19.38	+0.10 +0.10 +0.11 +0.11	5,422 6,840	
85.00 81.45 Apr 40 84.40 81.00 May 9 Est, soles 2,186 Frif Frif's open int 10,114	11.50 III.S	57.25 88.25	81.25 80.55	-0.45 203 -0.40 227	UST. 80 4) millio 07.81	n- pts of 100 pc	•	~-	~~	•-			ST. SCHOOL IT'S COR INC. FAI	NA Fri	up 62	118,142 25 8501			•		
MOGS (CMER)					96.90	95.13 Dec 90 96.13 Mor 94 96.15 Jun 94	76.83 76.65	96.84 76.72	96.82 96.65	94,97 96,86 96,72	+0.02 20.07 +0.47 7,4 +0.12 37	¥ \$	2,000 ga 6,60 7,70	47.100ct 93	el 49.10	## #S	48.00	4.9	+0.10 :	2,947	
40,000 lbs conts per lb 50,15 39,70 Oct 13 47,40 40,07 Dec 93	QE 48.12	46.85	47.05 47.05 44.52	-0.50 4.422 -0.90 10.072	Fri's op	S ZIM PHYS STATE TO STATE OF THE PASSENCY (CO PHYSICAL PROPERTY (CO	UP 44 BOT)	,373				5	6.70	47.50 Nov 93 47.75 Dec 95 47.95 Jan 94	50.00 50.60	50.05 50.40 50.60	43.75 47.25 49.80	47.55 47.55 57.54 57.54	+0.23 +0.42 +0.47	70.30	
47.85 40.20 Feb 94 47.77 37.57 Apr 94 50.65 45.27 Jun 94	20 41 20 21	44.5	45.07	-0.90 2.836 -0.25 1.636 -0.20 552 +0.05 109	113-77 1 113-20 1	07-17 Dec 90 10-13 Mer 94	112-25 11	2-065 11	2-26 11	3-04+ 12-17 +	185 155,8 19 1,6	m 5	7.05 7.50 2.50	47,95 Jan 94 48,90 Feb 94 58,20 Mar 94 53,65 Apr 94	25.25	81.10 51.00 55.35	50.50 51.85 55.20	495 934 934 934 930 934 938	+0.47 +0.54 +0.54 +0.55	4,084 3,074	
### 433JUM	49.00 49,20	4.0	47.85	+0.25 109 0.10 26 0.07 20	Est. solo	n NA F/TS mint 15L740 REASURY (off 661	5,985		• • •	17 190	8	1.30 1.30 1.50	54.50 May 94 55.20 Jun 94 54.50 Jul 94	56.10	56.15 56.90	56,10 56,90	56.75	+0.55	1,382	
44.14 43.40 Oct 94 Est soles 4,045 Fri* Fri's open int 21.075 PORK BELLIES (CV	1, Spies 2,996 off 285								5-1 3 11	(-00 +	39 234,5	67 6	\$-00°	SB.25 Aug PA Sep M				56.75 56.00 55.45	+0.40 +0.40 +0.60		
40,000 lbs. cents per to 55.45 39,10 Feb 94	30.50 57.22	30.40	57.00	- 1.00 - 0.75 - 26	115-15 114-25 1 113-13	95-86 Mor% 96-19 Jun 12-03 Sep94	114-14 11 116-11 11 115-58 11	5-06 11 4-17 11 4-04 11	4-16 11 4-11 11 3-30 11	5-07 + 4-79 + 4-74 +	51 7.23 1801 S		if's ope	NA Frits	ND 16	29,474 24					
54.82 38.45 Mgr 94 54.57 49.50 Mgr 94 54.00 37.39 Jul 94	nas nas		91.UG	-0.72 73	112-20 1 Est. sold	proin-pag Galar 68-80 Magr 94 68-80 Magr 94 68-81 Jun 94 12-03 Sep 94 12-14 Dec 94 15-14 Dec 9	113-14 11 SOES 3	3-23 11 2-001	1 H-C	3-23 +	1 00	٦ -		_	Eta-			_	_	—	
SS.45 41 00 Aug to Est. soles 1,901 Fri? Fri?s open int 4,387	l 3. SQIes 1,774		69.50	-1.6 4	USTRE (8 pc)-4	ASURY BOND 100,000-pts & 3	6 (CBO) 2nds of 10) Isch		n		_ s	i.com	AP. INDEX. (Stock (CMBR)	. HIGH	rxes				
					179-22 119-17	72-08 Dec 73 90-09 Mer 94 91-04 Jun 94	117-14 11 114-25 II	7-10 11 7-10 11	8-30 11 7-14 11 6-25 11	8-18 + 2-14 +	112 250,0 113 14,7: 111 6.1:		Wate Kal	K 490 75 Day 85	410 46	45130 444.10	497.50 461.80	462.90 462.90	+3.5517	7,934	
	Foo	d			117-15	90-12 SEP 94	115-26 11 116-26 11	4- 15 11	5-26 II 5-66 II	6-15 +	וון וון 110 און	59 4	67,00 (2,50 (a) code	494.29 Mar 94 498.00 Jun 94 442.20 Sep 94 N.A. Fri's	46130 46170	46.30	444.00 464.70	464,45	+3.55 +3.56 +3.55	2,963 1,575 21	
COFFEE C (NCSE) 37,500 Ba Obrits per B 87,55 SA,65 Sep 95	3. 15.00 A5.00	82.50	61.75	-3.50 I5T	i _	77-17 CAC N 12-09 Mor 93 13-15 Jun 95 5ep 95		16.74	111	5-60 + 4-13 + 1-25 +	170 109	10 N	YSE C	MP. PIDEX	NALE ONALE	145 145)					
91.00 59.50 Dec 93 90.75 81.20 Mor 94	20,73 11.14 65.16 65.16	76.85	77.80	-1.05 1.51 -1.46 14.029 -1.20 9.156 -1.50 1.927	MUNIC	NA FITS Print 379,079 PAL BONOS	(CROT)	,				2	oinisan 9.75 9.76	0 COMS 237, 15 Dec 93 242,40 Mar 94	255.40	257.10	医 典 24.78	丝.% 罗多	+2.19 +2.10		
10.50 62.25 May 94 57.50 64.90 Jul 94 91.60 62.50 Dec 94	84.90 84.90	2.65	81,09 82,75 67,00	-1.90 1.927 -1.90 739 30	S1400kx la 105-23 104-25	ndex-pis & 32n 97-18 Dec 93 99-22 Mar 94	asaf kasa	127 14-25 10 13-36 16	4-12 14 6-25 14	4-24 + 13-30 +	71 25.0 23	ຄ ≥	7.05	20.00 Jun 14 See 14 N.A. Pri's				2575 25Us	+2.10 +2.10 +2.10	267	
Est. soles 13.223 Pri	's agles 8.94	á			100-02 1	00-02 Jun 94			14	13-16 ÷	23	~ I 5	el's com	13.380 ·							

VORLD STOCK MARKETS

(Dose Prev.		Cides Prey.		Close Prev.	ī	Close Prev.		Close Prev.		Close Prev.
Amster	dam	Vlog Volkswagen	347.50 359	Gloxe Grand Met	6.47 6.54 4.01 3.92	Coscodes Dominton Text A	5% 5% 11% 11% 20% 70%	Norsk Hydro Procordia AF	189.50 167 219 212	Toron	to
BN Amre Hid	62.70 62.80	Wello	77] 776	GRE Guinness	216 215	MacMilian Bi	2014 7014	Constalle B	115 113	Abitibl Price Aprico Eople	11% 11V2
CF Holding egan hold	48.50 48.10 86.40 85.90 86.20 86.60	Previous : 1885. FAZ index : 735. Previous : 727.2	74	GUS A Honson	22.46 22.08 2.58 2.54 1.58 1.57 4.77 4.82	Power Corp.	1714 1714	SCA-A S-E Banken Skandig F	152 149	Air Canada	15% 14 405 405 21% 21%
noig kao Meu	171 20 (68 70)	Previous : 727.2		HSBC Nidgs	157 157	Quebecor A	1976 1976 1876 1874 1876 1874 1676 1674 776 776 2574 2672	Skonsko SKF	149 145	America Energy Am Barrick Res	21% 27% 30% 30% 44% 44% 20% 28% 16 16 21% 21%
mst Rubber ols-Wessanen	2.50 2.70 40.20 39.80	Heisi	nici	Inchcope Kingfisher	7.13 7.82 5.23 5.22 6.70 6.67 1.96 1.96 4.80 6.73	Quebocor B Taleslabe	16% 18% 16% 16%	Treflebory BF	41.50 47.50 41.50 47.50	BK Nove Scotle	2014 2814
SAA	63.40 63.20	Amer-Yktyma		Ladbrake Land Soc	4.70 4.67 1.96 1.94 4.80 4.73 4.52 4.40	Videofren	25% 261/2	Volvo Affortsvoeriden Previous : 1568.12	437 432 1576.85	BC Gas BC Telecom BC Regity Hds	211/2 211/4 0.05 0.05
isevier okker		Enso-Gutzell Huhlamaki	103 103 36.69 36 192 189	Laporte	146 147	Industrials (adex Previous : 1501.16	1815,60	Previous : 1568.12		Brunswick	0.05 0.05 0.27 0.25 N.Q. 0
ils): Brecades IBG	19.40 19.20 40.60 45.70 251 254 119.40 179 43.90 45.30	K.O.P. Kymirnene	85 64	Leval Gen Grp Lloyds Bank	567 558					CAE	512 512 54 N.O.
leineken looggyens	119.60 179 43.90 45.30	Matro Nokio Ponjolo	(56 148 247 234	Marks Sp MB Caradon MEPC	3.17 3.15	Pari		Sydne Amcar	9.25 9.28	CONOGION Pacific	3146 3115 1
lunter Douglas HC Coland	37.80 37.90	Rangia Stockmonn	82,20 81,10 190 185	Nat'l Power	4.00 4.77 3.80 3.88	Accor Air Liquide	607 630 777 763 720 715	BRP	16.12 16.10	Con Pockers Con Tire A	2034 2034 1236 1236 1536 1536
nier Mueller 117 Nederland	69 68.90 75.20 74.30 35.40 35.40 34 33.50	HEX Index : 13/1	(4.0)	Natwest Nithwai Water	541 577	Alcutel Alathorn	1521 1524	Borel Bougainville Colst Myer	172 170	Confor Cora CCL Ind B	35¼ 34 470 456
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EUROPE

Polish Vote Gives Investors Pause Gains by Ex-Communists May Slow Some Projects

By Jane Perlez New York Times Service

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WARSAW — For companies experienced in emerging markets, Poland, with its 40 million people and a centrist government, has proved a fertile field in the last four years.

But the success scored by former Communists in its elections Sept. 19, investment bankers and company officials say, could cool Western investors enthusiasm and delay new commitments of capital for the immediate fumre

"In the short term, it will be wait and see," said John Simpsoo, a director of Wasserstein Perella & Co, "and if the business climate changes dramatically, you'll see people reas-sess the risk." Wasserstein is a New Yorkbased investment firm that was involved in transactions in Poland made by Gerber Products Co. and International Paper Co.

Three days before this month's elections, the glass manufacturer Owens-Illinois Inc. signed an agreement with the government to buy Poland's largest glass producer, Jaroslaw. The deal, Owens-Illinois's first investment

in Eastern Europe, is conditioned on the American company raising \$25 million for improvements at the Jaroslaw factory, according to John Hoff, an Owens-Illinois

Asked whether the election results would affect the borrowing. Mr. Hoff said, "We'll

After the elections, the Democratic Left Alliance, the successor party to the Commu-

nists - which gained 20 percent of the vote quickly issued assurances that it wanted foreign investment in Poland, which has to-taled about \$2 billion since 1989, to continue. But, having promised during the campaign to raise pensions, and facing pressure to satisfy other social demands, a new government

might find it necessary to raise customs du-

'We'd like to have more time to see whether the new government will increase taxes.'

Zbigniew Niemczycki, a Polish business executive

ties and taxes on businesses and give more protection to Polish workers, business execu-

The alliance has been conducting talks to try to form a government with other political parties, particularly the Polish Peasants Party, which was allied with the Communist

Zbigniew Niemczycki, chairman of Curtis Cos., a conglomerate of Polish electronics, construction, aviation and bealth care companies, indicated in an interview that he was delaying at least one major investment until the new government had made its economic

"We'd like to have more time to see whether the new government will increase taxes," he said. "If they deliver what they promise in social services, they will have to get the mon-ey from someplace. One of the choices could be to increase taxes, which would be a killer for the economy and bad for unemploy-ment." Construction of a planned \$25 million industrial park in Warsaw, scheduled to start early next spring, would be postponed until midyear, he said.

Some companies are not concerned about the possible political chaoges. Cadbury Schweppes PLC announced plans last month to invest £20 million (\$30.1 million) to build a candy factory in western Poland.

The company said the country's "consistent ecocomic policies and substantial growth prospects" were behind the decision to locate in Poland rather than elsewhere in Eastern Europe. And the election had not changed that view, Chris Milburn, the company's director of communications, said in

An estimated \$1 billioo has been committed by American companies for additional investment in Poland, including \$500 million announced last month by PepsiCo Inc. for its snack, beverage and restaurant businesses. Poland's largest foreign investor is Fiat SpA,

Large and experienced investors such as these, who were in Poland before the 1989 collapse of the Communists, were unlikely to be affected by the latest political turns, ana-

SAS Chief Resigns, Plans to Work on 4-Airline Alliance

Compiled by Our Staff From Dispatches STOCKHOLM — Jan Carlzon resigned Monday after a dozen years as chief executive of Scandinavian Airlines System to work on forging an alliance of SAS, KLM Royal Dutch Airlines, Swissair and Austrian Airlines.

SAS said Mr. Carlzon would continue to represent the airline in negotiations toward establishing a joint holding company for the four airlines and would join senior management of the company, to be called Alcazar, if the talks are

At a press conference, Mr. Carlzon said that a merger of the four airlines would be operadonal by cext April. "If Alcazar happens, it will be ready to fly on April 1, 1994," be said.

The Alcazar project is perhaps the most ambitious merger ever at-tempted in Europe, and SAS last week said that negotiations were taking longer than planned. Talks are now set to resume in October instead of this month, as previously

Mr. Carlzon said he expected a memorandum of understanding on the merger to be ready sometime in

SAS accepted Mr. Carlzon's resignation immediately, and named

Jan Reinas, president of SAS Norway, as group president and chief executive until next April.

Mr. Carlzon joined SAS as chief operating officer in 1980 and became president less than a year later. He focused on business passengers, decentralized the organization, invested heavily in training and improved service and punctuality dramatically. SAS was making a profit again in Mr. Carlzon's first year as president.

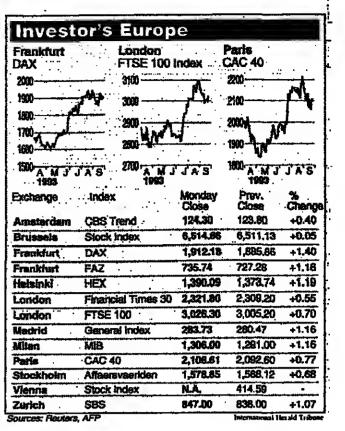
Mr. Carlzon has been strongly criticized by SAS unions, particularly those in Denmark, which have called short strikes repeatedly in the past three years as the airline sought to balance its books by cutting staff. A program to cut 3,500 jobs over two years was announced

Some analysts said they believed the abrupt departure after 12 years at the helm of SAS meant Mr. Carizon was forced to leave due to recently announced losses suffered

by the company.

SAS, which reported a first-half pretax loss of 609 million kronor (\$75.2 million), denied he was being ousted. "If we had not been satisfied with Jan Carlzon's performance we would have ended his contract earlier," said Tage Andersen, chairman of SAS.

(AP, Reuters)



Very briefly:

BCCI Oversess' former chief of treasury. Syed Ziauddin Ali Akhar pleaded guilty in London to charges of false accounting involving more than \$745 million to the first British trial stemming from the 1991 failure of Bank of Credit & Commerce International.

Cerus SA, the French holding company of the Italian businessm Carlo De Benedetti, had a group net loss of 97 million francs (\$16.8° million) in the first half, down from a loss of 377 million francs a year-

Hoogovens NV, the Dutch steelmaker, said it would eliminate 400 more jobs by 1996, in addition to the 1,000 cuts already announced, saving the outlook for Europe continued to show little sign of improvement.

 Peninsular & Oriental Steam Navigation Co. said it would cut as many as 450 jobs to streamline operations before the opening of the Channel tunnel. Freight services in the tunnel between France and Britain are due to start in March 1994 and passenger services in April.

Grand Met Back in Favor Despite Charge

LONDON - Despite its announcement of a £175 million (\$262.6 million) charge, analysts and investors turned positive Monday on Grand Metropolitan PLC, com-paring it favorably to other British food and beverage conglomerates.

The company said it would lay off 3,000 workers, many in North America, as part of a restructuring, Analysts viewed the move positively because the company said the twoyear program would eventually save it £30 million a year. "They'll pay back the charge very quickly," said Alex Oldroyd, analyst at Société Generale Stranss Turnbuil, "That's what's good about it."

Analysis said Grand Met's statement was broadly in line with expectations and painted a more "upbeat" picture of market conditions than recent revelations from Allied-Lyons PLC and Guinness PLC.

Grand Met shares rose 10 pentey --

10 million shares.

Not all the details of the restruc-

turing were provided, but many of the 3,000 layoffs are to be at the conglomerate's Green Giant vegetable business and Pearle Vision optical stores in North America. About £65 million of the charge will be for food-related items, and £60 million involves Pearle Vision, which will close an unspecified oumber of its 1,000 U.S. stores and end its small presence in Germany, said Neil Garnett, a Grand Met spokesman.

In Minneapolis, Grand Met's Polisbury Co. subsidiary said it would cut 600 employees and close four facilities over the coming. 18 months. Three of the plants are in Canada; the other is in California. A

to 403 pence on the London Stock occur throughout Grand Met's glob-Exchange, with several major bro- al operations, the company said in a kerage houses recommending the statement that apparently was isstock. Trading volume was heavy at sued at least in part to calm stock traders who were unnerved by a management shake-up on Friday.

> Grand Met said Friday that George Bull, head of its food operations and third-ranking executive in the company, would be its next chief executive. Ian Martin, the chief operating officer and Mr. Bull's superior, was widely expected to assume the chief executive functions, which are being given up by Sir Allen Sheppard, the chanman. Traders then began dumping Grand Met stock on rumors that the company would be reporting disappointing earning for the year ending Sept. 30.

Grand Met said Monday, however, "there has been no significant change in trading conditions" since pretax profit was up 5.6 percent. It

tax of about 5 percent over the pre-vious year's £871 million. That rise is after a £24 million charge for new Brazilian accounting standards related to inflation, but before the £175 million restructuring, indicating a profit of about £739.6 million.

Julie Bower, analyst at Credit Lyonnais Laing, said she expected Grand Met to post pretax profit of about £715 million.

Since May, Grand Met said there had been oo significant change in trading conditions. It said hoped-for gradual improvements in the United States and Britain had been "slow in coming" and encouraging signs of economic growth had "yet to trans-late into sustained increases in consumer confidence."

Grand Met said there had also been a continued softening in many Cootinental European markets.

(AFX, Bloomberg, AP, UPI)

Procordia Lifts Profit

STOCKHOLM — The Swedish food and drug concern Procordia AB, which plans to split into two companies, said Mon-day that its first-half pretax profit had risen to 2.62 billion kronor (\$325 million), from 2.20 billion

a year earlier.

Because of the planned split, Procordia has shortened its financial year to the six months ended June 30. Operating profit in that period rose to 2.5 billion kronor from 2.1 billion, mainly because of exchaoge-rate

A loss of 277 million kronor was incurred in its part-owned hotel business, and charged oo

every Saturday in the IHT

operating profit, a company

Sales rose to 21.6 billion kronor from 19.8 billion.

Procordia said its shareholders would be entitled to one share in the oew food and tobacco company BCP for each A or B share they held, in the first step of the split. The transfer of the BCP shares will made as a dividend.

Holders of Procordia debentures secured on the company's general assets and maturing in 1995 also will be entitled to the special dividend, provided they coovert the loan to shares by

Audi Operating Loss Forecast

INGOLSTADT, Germany -Audi AG, a unit of the troubled German carmaker Volkswagen AG, will show an operating loss of 295 million Deutsche marks (\$178 millioo) for 1993, according to the German business monthly Manag-

er Magazin. tober edition, the magazine said that Audi's pretax profit for this 400,000" in 1993.

year would be 85 million DM, Audi. posted a pretax profit of 508 million DM in 1992.

Manager Magazin also said the carmaker would produce 364,000 vehicles this year, down from 472,000 in 1992. A spokeswoman for Audi refused to confirm the lo an advance report for its Oc-ober edition, the magazine said would "eertaioly be below

For investment information plant in Ohio will end vegetable it reported in May that six-month read THE MONEY REPORT processing and make only pizzas. "The rest of the job losses will "predicted profit for the year to Sep-

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- Wim Dik, Chairman of the Board of Management, Royal PTT Nederland NV, The Hague
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- European Stock Exchanges Tamás Iványi, Director of Privatization, Hungarian State Holding Company, Budapest
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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby giveo that the Annual General Meeting of Shareholders of Fidelity Funds ("the Fund") will be beld at the registered office of the Fund in Luxembourg on Thursday 7th October 1993 at ooon to consider the following agenda:

- Presentation of the Report of the Board of Directors;
- 2. Presentation of the Report of the Auditors: 3. Approval of the balance sheet and income statement for the financial year ended 30th April
- 4. Discharge to the Board of Directors; Election of nine (9) Directors, specifically the re-election of the following nine (9) present Directors: Messrs. Edward C Johnson 3rd, Yasukazu Akamatsu, Barry R J Bateman. Charles T M Collis, Sir Charles A Fraser, Jean Hamilius, Glen R Moreno, David J Saul, and

Helmert Frans van den Hoven; Approval of the Directors' fees for the year ended 30th April 1993;

Election of the Auditors, specifically the election of Coopers & Lybrand S.C., Luxembourg: Approval of the payment of dividends for the year ended 30th April 1993 and authorisation of the Board of Directors to declare further dividends in respect of the financial year ended 30th April 1993 if necessary to enable the Fund to qualify for 'distributor status' under

Uoited Kingdom and Irish tax laws: Consideration of such other business as may properly come before the meeting.

Subject to the limitations imposed by the Articles of Incorporation of the Fund with regard to ownership of shares by US persons or of shares which constitute in the aggregate more than three per cent (3%) of the outstanding shares, each share is entitled to one vote. A shareholder may attend and vote at the meeting or may appoint a proxy to attend and vote. Such proxy need not be a shareholder of the Fund.

Holders of Registered Shares may vote by proxy by returning to the registered office of the Fund the form of registered shareholder proxy sent to them.

Holders of Bearer Shares who wish to attend the Annual General Meeting or vote at the Meeding by proxy should contact the Fund, or one of the following institutions:

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(Luxembourg time) at the latest.

By Order of the Board of Directors

Dated: 4th August, 1993

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16th Floor, Citibank Tower 3 Garden Road, central Hong Kong To be valid, proxies must reach the registered office of the Fund on the 6th of October at 5.00 pm

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European Steel Outlook Stays Weak

GENEVA — The troubles of Europe's strinking steel industry are unlikely to diminish this year, but the United States and Japan are expected to see growth, a United Nations report said Monday.

The report, issued annually by the UN's Economic Commission for Europe, predicted U.S. steel shipments would rise 4 percent this year for Europe, predicted U.S. steel shipments would rise 4 percent this year.

10.5 percent and consumption by during the first quarter of the year due to the drop in activity of the main consuming sectors," the study said, listing tubes, shipbuilding, consumption, engineering and the automobile industries.

European Community consumption of the EC is working on a construction, engineering and the automobile industries.

European Community consumption of the EC is working on a construction of steel products from all sources was expected to drop by 7.1 for export said production for exacts for 1993 were difficult amid our construction of steel products from all sources was expected to drop by 7.1 for export for Europe, predicted U.S. steel shipments would rise 4 percent this year.

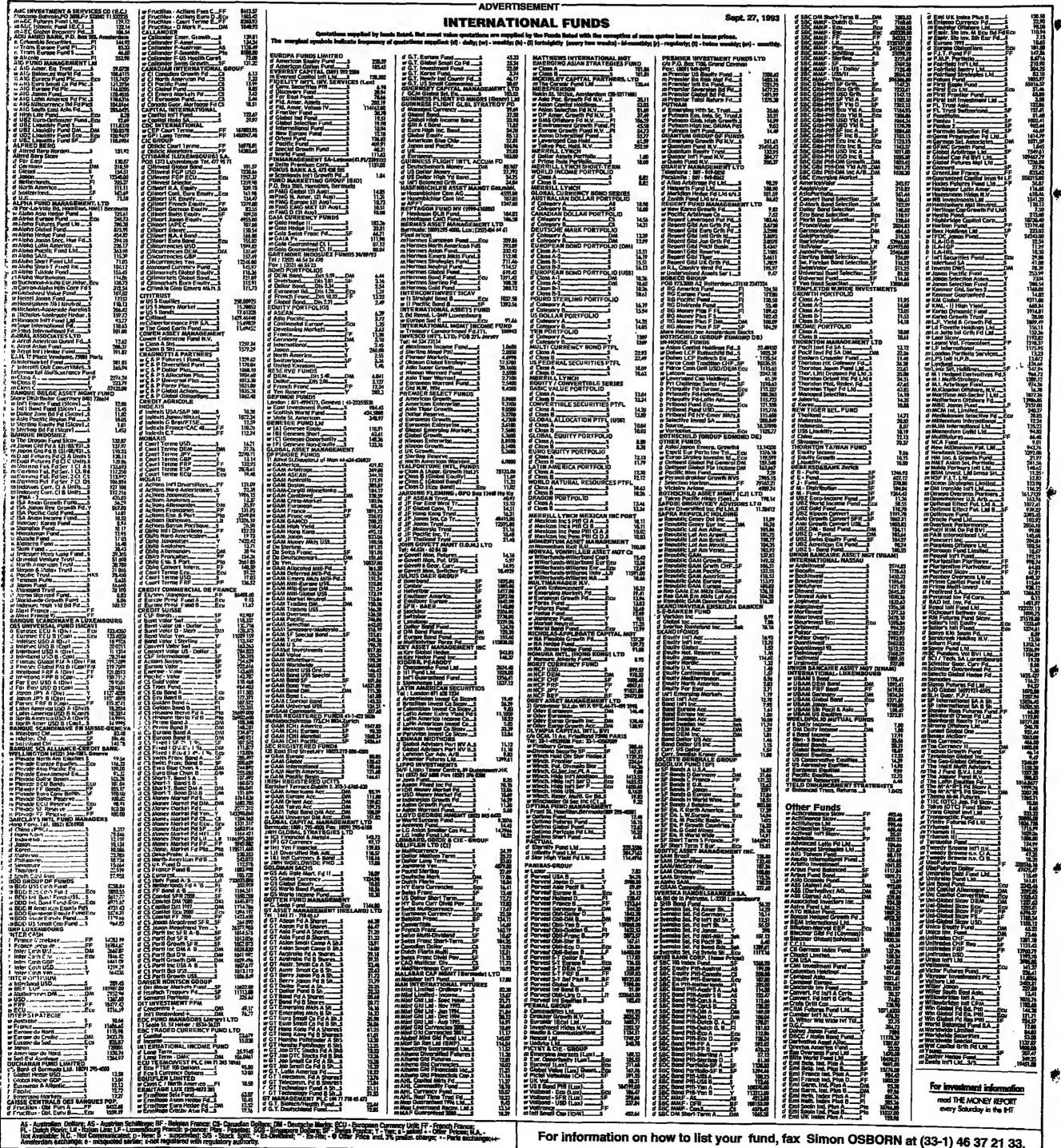
reflecting economic growth. In Japan, where output dropped

ments would rise 4 percent this year, tor of the EC will continue facing a difficult situation," it said.

1992 from 1991 consumption of

represent a decline of nearly 7.5 success in balancing supply and demillion metric tons, against a remand the official forecast of 129 million tons might be optimistic.

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ASIA/PACIFIC

*JAL Shuffles Its Global Schedule

TOKYO - Japan Air Lines Co. will rearrange its international flight schedule to maximize profus and minimize costs, a company spokesman said Monday.

The carrier will cut the number of flights from Tokyo to London to nine a week, from 10, in the period between Nov. 1 and Jan. 31, he isaid. Flights from Tokyo to Scoul will be reduced to eight a week from 10 beginning in November.

But the carrier will increase service between Tokyo and Pusan, South Korea, to five flights weekly from four, and raise the number of flights from Tokyo to New York to

eight a week from seven.
Flights from Tokyo to Sao Paolo
by way of Los Angeles will increase three a week from two.
Service between Tokyo and Shanghai will increase to five

flights a week from fonr, the Beginning in November, the air-line will also operate seven direct flights a week between Tokyo and Kuala Lumpur and between Tokyo and Jakarta. It now has one direct flight from Tokyo to Kuala Lumpur and four to Jakarta.

Japan Slips in Gulf Trade High Yen and Import Curbs Are Cited

ABU DHABI — Japan is losing its two main markets in the Gulf — Iran and Sandi Arabia — to the rising yen and Iranian import restrictions, according to an official Japanese report.

Exports to Iran plunged nearly 42 percent, to \$758 million in the first half of 1993 from \$1.31 billion in the first half of 1992, the report from the Japanese External Trade Organization said. Japan's exports to Saudi Arabia, its top Gulf partner, fell nearly 16 percent to \$2.12 billion from

\$2.51 billion in the same period, the organization's The report blamed the surging value of the yen for that decline, which came as Japanese compa nies were trying to boost exports to the region that

supplies most of their crude-oil needs.

There are two main reasons for the decline in Japanese exports in terms of volume," the report

One is the decrease in demand for Japanese products by losing price competitiveness due to the appreciated yen. The other is the change in the manufacturers' strategy to cope with the apprecia-tion of the yen by shifting manufacturing facilines from Japan to Southeast Asian countries."

Saudi Arabia and Iran are the leading Gulf markets for Japanese products, followed by the United Arab Emirates and Oman.

The director of the Japanese trade organization, Mitsuhito Ono, said in Dubai that the drop in Japan's exports to Iran also was due to Tehran's curbs on imports and shortage of foreign currency.

"Banks do not have enough hard currency, and the Iranian market cannot afford the increase in prices of our products," he said. "Another factor is the restrictions on imports to promote domestic

Figures published in Al Kahleej, a daily newspa-per in the United Arab Emirates, showed that the six Arab countries of the Gulf Cooperation Council had a trade surplus with Japan of \$7.3 hillion in the first half of 1993, compared with \$7.1 billion in the same period of 1992.

The Gulf states' surplus was due to a high oil-import bill, as Japan is the leading importer of

■ Tokyo Is Urged to Trim Income Tax

Japan's Research Institute on the National Economy urged the government to cut income taxes by 5 trillion yen (\$47.19 billion) and allocate spending of 2 trillion yen to public works in the year ending in March 1995 to enhance economic recovery, AFP-Extel News reported from Tokyo.

In its midterm economic forecast, the institute said taxes on consumption should be raised to 5 percent from 3 percent in the following year to offset the decline in tax revenue.

The institute forecast that real, or inflation-adjusted, gross national product would grow 4 percent in the year ending in March 1997, with the completion of a restructuring in the corporate sector and government measures to deregulate the economy fueling the women.

Big losses being incurred by the company's British telecommunica-

In recent months, Mr. Li has said

"Siemens was in general the man behind the Hutchison push into elecommunications," said Andrew Hall, head of Hong Kong research

The company canceled plans to

Khoo Will Take **Executive Post at**

HONG KONG - Hutchison year. Whampoa Ltd. said Monday it had appointed Khon Chek Ngee as group managing director of its Hutchison Telecommunications

mens, who it said had resigned. Mr. Khoo, 50, was most recently vice president of mobile communications at Singapore Telecommuni-cations Pte., where he had worked

for 26 years. Hutchison Whampon, which is controlled by the businessman Li Ka-shing, Hong Kong's richest man, said Mr. Siemens was leaving to pursue other interests.

Mr. Siemens, a Canadian whose

Hong Kong electronic-pager sys-tem was acquired by Mr. Li in 1985 to create the basis of Hutchison Telecommunications, is the second top executive of Hutchison Whampoa to quit in the last month. At the end of August, one of

Hong Kong's best-known businessmen, Simon Murray, resigned as managing director of Hutchison

tions ventures may have contributed to both departures, analysts

that Hutchison would focus more on investments in Hong Kong and China and less on Europe and other parts of the world.

at SBCI Finance Asia. "Since the company is now intending to concentrate on Hong Kong, it is not surprising that he should look else-

expand its telecommunications

BTR

Hutchison Telecom

husiness in several countries last

Mr. Hall said he expected Hutchison to sell or close most of its British telecommunications op-erations soon. Hutchison owns 65 Ltd. unit, succeeding Richard Siepercent of Hutchison Telecommnnications (U.K.), which has paging, cordiess- and cellular-tele-phone operations and is 25 percent-owned by British Aerospace
PLC. (AFX, Bloomberg, AFP)

Wheelock Name To Be Revived In China Trade

HONG KONG - The old British merchant house of Wheelock will again trade in China when a Hoog Kong conglomerate. World International (Holdings) Ltd., revives its famous ancestor's name.

Wheeloek, founded in Shanghai in 1857, now exists as a small wholly owned unit of World that will change its name to Wheelock & Co. to raise its corporate profile. World's chairman, Peter Woo,

said Monday. World traces its roots to Loan & Investment Co., formed in 1918 by Wheelock and acquired in 1966 by Sir Yne-kong Pao, who acquired Wheelock itself in 1985.

While the name Wheelock remains well-known in Hong Kong and China, Mr. Won said, its new prominence should help it attract institutional investors.

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Very briefly:

 Six Japanese banks said they would cut their long-term prime-lending rates by 0.3 of a percentage point, to 4.5 percent, effective Friday. The rate cut will be the third in three months.

 Wang Ma Co. of Beijing became the first Chinese company to sell computer technology to Japan after signing a contract giving Casio Computer Co. the right to use Wang Ma's Chinese-language software.

• Indonesia's Forest Ministry has ordered a new investigation into charges of illegal logging against PT Indah Kiat Paper & Pulp Corp. after the company denied the charges and refused to pay a fine.

 China Strategic Investment Ltd., a Hong Kong company which invests in Chinese companies, said profit rose 427 percent from a year ago to 49.1 million Hong Kong dollars (\$6.34 million) in the first half of 1993.

 China's central bank has demoted the director of its Hebei provincial branch for using bank funds to speculate in China's property market, AFX, AFP, Reuters, Bloomberg

Nissan Spreads Production

TOKYO - Nissan Motor Co. plans to extend production of its new Asian-produced car to Malaysia this year and the Philippines by mid-1994, a company spokesman

said Monday. Production of the model, the AD Resort, began in Thailand and Tai-

wan in July. Nissan said it had a total sales

The company also announced plans to extend its mutual partssupply system among its Asian plants to about 200 components for the new model, with a combined value of around 2 billion yen (\$18.9) million) a year.

Members of the Association of Southeast Asian Nations have an agreement reducing tariffs on certain automotive parts made in oth-

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Shiseido Loses Court Fight With Retailer

TOKYO - Discounters won a round in their battle with Shiseido Co., when the Tokyo District Court ordered it to supply a retailer that puts the company's cosmetics on store shelves rather than dispensing them through sales personnel.

The court ruled the Shiseido dem-and for salespeople "impeded mass sales by retailers without a proper a reason and amounted to price fixing." The court said because of this,

Continued from Page 17

al made at a meeting of EC trans-

Mr. Attali of Air France, which owns 37.5 percent of Sabena, urged

the panel to reject the "ultraliber-

face it, there are companies in Eu-

rope that should not be operating."

would look positively at alliances

dominate routes.

port ministers Monday.

riers set prices together.

sate for big losses at home.

There is a possibility that it is violating the Anti-Monopoly Law."

The court ordered Shiseido Tokyo Sales Co. to resume shipments to Fujiki Honten, one of several retailers challenging the practice of

selling cosmetics only through salespeople, who are supposed to provide advice on how to use the products.

Shiscido said it would appeal: We strongly resent the ruling. The ruling completely denies the idea of the chain-store system and denies

the freedom of contracts."

EC: Belgium Suggests Protection

Discounters and foreign compa-nies, however, have complained the shipments because Kawachiya were part of a rigid distribution system that limited competition. The Fair Trade Commission this

month raided offices of two Shiseido units including Shiseido Tokyo Sales for alleged anti-trust practices involving another discount store. In July, the two stopped shipping products to Kawachiya Co., which sold Shiseido cosmetics at a dis-

counts of 25 percent to 30 percent.

that the Shiseido requirements was wholesaling Shiseido products, making it difficult to offer make-np

> to cut its discounts to about 20 percent, the Nihon Keizai newspaper said Monday. Cancellation of supply contracts and shipment limitations affecting rebates forced the chain to alter its policy, the report

(AFP, Reuters, Bloomberg)

OPEC: A Quest for Cuts

Continued from Page 17

other major producer, also was considered a likely candidate for a production freeze at 22 million barrels a day. Iran, Kuwait and Nigeria all

have been producing more than their current quotas. Iran is supplying about 300,000 barrels more than its limit of 3.3 million; and

Investcorp, which paid \$160 million for its original stake, set out to restore Gucci's image after rapid oil revenue lost during the Iraqi growth in the 1980s saw its famous occupation, the Gulf War and its green and red logo adorn thou-sands of franchised products, dilut-ing its air of exclusivity.

aftermath. Delegates said it was likely to be given a new quota of around 2 million barrels a day, Gucci, known for its hand-craft- 400,000 barrels above its previous ed bags and shoes, had losses of \$25 cap but below its own demand of

cial year, although this was an im-provement on the loss of \$38 mil-at 25.6 million barrels a day, the Gucci has over 60 directly. Yousef Omeir Bin Yousef, said the

(AP, AFP)

Couts Vivetta 2.399 5.96 0.15 1993 1992 Revenue. 1977, 1,753, Profit **United States**

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with foreign governments, something they have rejected. Although be did not directly criticize the pact last week between Bonn and Washington, he said such bilateral accords pose a danger because the United States can exploit its size and differences between EC states.

al" American approach to airline deregulation and let European car-The regulatory debate is expected to continue through the end of Talk like that inflames major the year, when the specialist panel U.S. carriers, who are seeking to is due to submit its recommendaexpand markets abroad to compen-. lenge to Mr. Van Miert and the That's going back to the Middle commission are bids by ailing carri-Ages," Joseph Le Pochat, who haners to win government bailonts.

The commission is expected to lines, said of the Belgian proposal. "It's protectionist in nature. Let's decide next week on a request by Aer Lingus for 175 million punts (\$246.8 million) in government aid over three years. On Monday the Fighting against attempts to rec-cgulate the industry, Mr. Van Miert on Monday said Europe could not French government told Air France it would back its demand for 5 billion francs (\$868.5 milafford to reverse itself on airline lion) of fresh capital, an injection the commission can block if it is liberalization. He told the ministers whithe industry clearly needed to redeemed to be something a private structure, and that the commission investor would not support.

Those requests come as Mr. Van or mergers as long as they did not Miert is struggling to get state-owned steelmakers in Germany, It-He also renewed a demand that member states give the commission aly and Spain to slash state aid and authority to negotiate air treaties

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ATTENTION EXECUTIVES

GUCCI: Struggle Ends

Continued from Page 17 Italian and U.S. operations were even suing each other.

Investcorp had accused Maurizio, grandson of Guccio Gucci, who founded the firm in Florence 71 years ago, of being unfit to run a business. Maurizio replied that the bank ignored the firm's traditions. Maurizio had called in Investcorp in 1989 to help him buy out delegates said it had rejected a new his cousins, sons of the founder's quota of roughly 3.5 million barrels other heirs, after a bruising battle a day during negotiations Sunday. for control. A day during negotiations Sunday. Kuwait, which was overrun by

million worldwide in its 1993 finan- 2.2 million barrels. cial year, although this was an imlion the year before.

owned sales outlets worldwide and new ceiling could push up prices by also sells through 134 duty-free a dollar or two. shops and franchises.

United Arah Emirates' oil minister,

COMPANY RESULTS Revenue and profits or

GenCorp 2rd Quer. 1993 Revenue 482.10 Net Inc. 7.70 Per Shore 0.25 losses, in millions, are in local currencies unless otherwise Indicated. tst Quar, 1994
Revenue 2,090.
Net inc. 165.80
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SPORTS

Saints Put End To 49ers' Jinx

Last-Second Field Goal Lifts New Orleans to a 4-0 Record

By William C. Rhoden New York Times Service NEW ORLEANS - Finally, the

The talk all week in New Orleans centered on what the Saints would have to do to break the three-game jinx San Francisco has held over them for the last two seasons. In the end, all the Saints needed

NFL ROUNDUP

was a strong leg - Morten Ander-

Andersen's 49-yard field goal with 5 seconds left lifted New Orleans to a 16-13 victory over the 49ers, improved their record to 4-0 and sparked a thunderous celebration by 69,041 fans in the Super-

It was that simple. Well, actually,

New Orleans, a loser to the 49ers twice last season and once in 1991, led by only 10-0 after the first half, despite having domicated the

The 49ers cut the lead to 10-3 on a third-quarter field goal by Mike Iohnson stripped the bail f Cofer and tied the score oo a 23- after an open-field catch. vard run by Mark Logan with 7 minutes, 57 seconds left in the peri-

The Saints surged ahead again with a 39-yard field goal by Andersen with 2:30 left to the quarter. That left the fourth quarter wide

open and Saints fans fearing the game would end like the last three, with New Orleans dominating the game but coming out on the losing

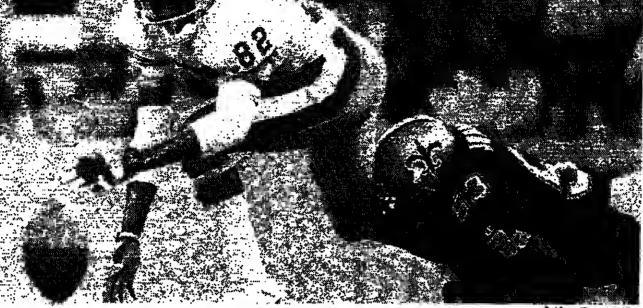
San Francisco (2-2) tied the score on Mike Cofer's 30-yard field goal with 1:25 left. But the Saints' offense, which had sputtered for most of the game, mounted enough punch to push the bail to the 32-yard line. That proved to be close enough for Andersen.

"It's a nice change for us to find a way to win at the end against a great football team," said the Saints' coach, Jim Mora. "We've been in situations when you bite your head off for 60 minutes only to see them find a way to get it

done. Today we were able to do that, it's a good feeling." The Saints' defense certainly did its part, punishing 49ers runners, receivers and quarterback Steve Young at every turn.

On the seventh play of the open-ing drive. San Francisco's John Taylor lumbled when Vanghan Johnson stripped the ball from him

New Orleans took over on the 49ers' 33-yard line and started off doing everything right against San Francisco. With Derek Brown continuing his hot running streak, the Saints reached tha 17-yard line. But after Wade Wilson hit Torrance



San Francisco's John Taylor (82) fumbled under pressure from Vaughan Johnson. New Orleans recovered and drove on to a field goal.

plete pass, a snuffed out draw and another incomplete pass. New Orleans settled for Ander-

sen's 30-yard field goal. The Saints' defense continued to tee off on Young, forcing a head-twisting sack on third and 1 at the 49er 29-yard line. San Francisco punted, but the Saints offense punted the ball back four plays

San Francisco was stymied once again and gave New Orleans another crack after a 51-yard punt by

This time, the Saints converted. With Brown running inside and out and Eric Martin making clutch catches, New Orleans set up a second and 5 on the San Francisco 10 there the drive died with an incom- Small on a quick post pattern.

Brown ran the ball to the one- down, giving Seattle (2-2) the de-toot line, and on third-and-goal ciding points. TD run by Anthony Johnson to make it 16-10 with 3:14 left. foot line, and on third-and-goal

inched over for the touchdown with "That's a game that makes old men of coaches," said the Seattle 11:31 left in the second quarter. In other games, The Associated coach, Tom Flores. Press reported: Jets 45, Patriots 7: In East Ruth-In earlier games, reported in some Monday editions:

erford, New Jersey, Bill Parcells's team did not look anything like the teams he used to coach at Giants Colts 23, Browns 10: In Indianapolis, the Colts (2-1) kept Cleveland (3-1) from becoming the league's second 4-0 team. Stadium. The Patriots (0-4) gave up 35 straight points in a first half in which they were outgained 233 yards to 41.

Vinny Testaverde came off the bench again to attempt a fourth-"Wa were completely outclassed quarter comeback, threw an interception and fumbled in the end in every way," Parcells said. "That wasn't even a good scrimmage."
Seahawks 19, Bengals 10: In
Cincinnati, Harold Green of the zooe oo Cleveland's last two chances. Jeff Herrod fell on the second one for the final touchdown with 1:19 to go. Bengals (0-4) fumbled in his own

Jack Trudeao led the Colts on a Stephens pounced on it for a touch- 65-yard drive ending in a six-yard

L T Pts PF PA

Lions 26, Cardinals 20: In Pontiac, Michigan, Andre Ware led his team past Phoenix (1-3) with an 11-

of-24, 194-yard afternoon.

Detroit (3-1) recovered a fumble by Steve Benericin with just under two minutes left, ending Phoenix's last chance for a tying score.

Dolphins 22, Bills 13: In Miami, the Dolphins scored the first four times they touched the ball, and more predictable yet were shocking in their context: Barry Lane relinhanded Buffalo its first loss of the his 1-up loss to Chip Beck, and Constanting Rocca missed a 3-foot putt at No. 17 that might have kept season on the Bills' home field. Both teams are 2-1 and in a fourway tie for first in the AFC East. Dan Marino, 20-of-32 for 282

Europe alive long enough for Nick Faldo to win in the final match yards, threw a 36-yard touchdown pass to Irving Fryar and ran four yards for a touchdown. against Paul Azinger. But by the time Faldo reached

Europe's Golfers:

A Stunning Fall

By Ian Thomsen
International Herdid Tribone
SUTTON COLDFIELD, Eng10—Most of the charietoday has a First Tribone
today has a First Tribone

opportunity to hold the Cup for the golf today has a European accent English, Welsh, Spanish and fourth time in five meetings. As the former U.S. Open champion John-German - which only adds to the surprise of Europe's disaster, when ny Miller has pointed out, the En-8 ropean squad is peaking around its it failed to win any of tha last eight singles matches in losing the 30th breakthrough group of Ballesteros, Ryder Cup to the United States. Faldo, Langer, Woosnam and 15-13. lan Woosnam of Wales, the not quality for this year's team. All event's hottest player, failed to proyear of each other, and there will be tect a 2-up lead over the last eight holes in his halved match with Fred reason to question the Continent's

strength as those men approach 40. Couples. Seve Ballesteros was six They are reaching that sad age over on the front nine of his 3 and 2 when creative minds get bumped loss to Jim Gallagher Jr., a Cup upstairs to management. The retiring European captain, Bernard Gallacher, suggested Sunday that he be replaced at the 1995 Ryder Cup—to be played at Oak Hill in ment for Lanny Wadkins. (Wadkins offered to withdraw when Sam Torrance of Europe was sidelined Bernhard Langer of Germany, 2 Rochester, New York - by none

two-time Masters champion, was walloped, 5 and 3, by the former other than Ballesteros. It would be "unthinkable," Gallacher said, that Ballesteros would not serve as captain when the Ry-U.S. Open champion Tom Kite. Ballesteros's Spanish protégé, José-Maria Olazábal, was beaten, 2-up. der Cup came to Spain in 1997. by the oldest Ryder Cupper ever, 51-year-old Raymond Floyd, the

Ballesteros seemed to withdraw his name. "We have to send a captain to New York, not only someone with a very good record, but someone who speaks very good English," he said. He then nominated Faldo.

Faldo yammered on and on, as be does, not leaving much indica-tion whether he might be interested, and then was thankfully inter-

rupted by Ballesteros. "See, now he don't speak English so good," the Spaniard said.

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Chicago 918 919 390—5 8 1
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17-5. L—Fernandez, 17-7. Sv—Henke (29).
HR—Taxos, Hukse (1).
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L—Stottlemyre, 11-11. HRS—New York, Leyvitz (13), Toronda, Carber (11), Borders (9).

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L—Trochsel, 8-2. HR—Pittsburgh, Goff (1),
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L—Schilling, 15-/. HRS—Alianno, Jushica 1381.
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PIS PF PA 250 79 68 333 47 50 250 61 79 400 37 89

NATIONAL CONFERENCE

T Pts PF PA 0 250 78 63 0 667 32 44 0 333 74 53 0 333 64 41 0 800 27 97

Sonday's Results

moranacolis 21, Cervelond 10
Minnesolo, 15, Green Bay (3
Les Angeles Rams 22, Houston 12
Minni 22, Boffold 13
Chicona 47, Tonipa Bay (7
Defroit 24, Phoenist 26
New Orleans (4, San Francisca 13
Seattle (9, Cincinnot! 10

The AP Top 25

The leasns in the college leethall poll, with first-place votes in parentheses, records through Sept. 25, total points based on 25 points

9, Penn St. 10. Oklohama
11. Tennessee
12. Arizona
13. Syrocuse
14. Texas A&M
15. Washington
16. Horth Carolis Canadian League

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TENNIS Davis Cup

WORLD GROUP QUALIFIERS
Assirie 3, New Zeeland 2: Brett Steven and
Ketty Everyden, New Zeeland, def. Alex Anjanilisch aud Thornes Bochmayer, 7-8, 6-7 (6-

67 (2-7), 7-6 (7-5), 6-2 Hungory 4, Argentian 1: Joyler Franc and Pobla Albana, Argentina det, Sandor Nostaly rocska, Hungary, 7-6 (7-2), 6-1, 6-1; Jozsef Krocska, Hungary, del. Fronc, 6-2, 6-4-6, 6-3; Noszoly def. Alberto Mancini, 4-6, 7-6 (7-4), 6-1. Belgium 1 Bruzil 1; Bort Wuyts, Belgium, del. Seigua 3 Bruzz 1: Barr Veryz, Belgion, Okt. Jalme Oncim, Bruzil. 6-2, 6-2, 2-6. 7-5; Filis Dewolf, Belgium, def. Fernoode Mellgani, Bruzil. 6-2, 6-1, 7-5; Cassle Motha and Luiz Matter. Bruzil. def. Filip Dewelfood Tom Van Haudt 6-1, 6-3, 6-3; Wuyls def. Mellgani, 6-3, 1-4, 7-5 (7-5), 7-5. Last singles moth concelled. Denmark 3, Cronfie 2: Kenneth Cortsen, Denmark def. Garon Proic, 7-6 (7-3), 6-3, 4-6, 3-6, 5-5; Goran Ivensen, Cronfic, def. Cortsen, 6-4, 6-2; Curtsen and Morten Christensen, def.

Isavic and Proic. 62 64 36 67, 64; Isavic def. Cartson, 67 (7-9), 7-5, 6-2 7-5; Frederick Felferieln, Denmark, def. Pripc. 6-

rookie and a last-minute replace

only player to avoid a bogey Sun-

quished four of the last five holes in

Other European defeats were

by an infected toe.)

Russia S. Cuta 8: Yevgeny Kafeinikov det, Morto Tobares, 6-2, 6-2; Andrei Cherkasav reum o regares, e-z, e-z, e-z; Andrei Cherkosov def. Juan Pina, e-1, e-2, e-3; Cherkosov and Andrei Olinovskiv def. Tobores not Pina, e-z, 4.6-3; Cherkosov def, Tobores, 7-4 (11-9), e-4, e-4; Koelenikov def, Pino 7-4 (7-5), e-7 (5-7), e-2,

4: Koteleikov der, Pino 7-6 (7-51-6-7) (5-7)-6-7.
Ualted Stofes 5. Bahamas 0; Richey Renebers
det John Parrinatan, 6-1,6-4; MaiNol Washinaton der, Roser Smith, 6-1, 6-2
Ewrose-African Zowe
Grass 2: Third Rosed.
South Africa 5. Senegal 8: Marcas Ondruska
der, Fodel Berthe,6-2,6-2,6-0; Woyne Ferriera
def, Abdes Berthe,6-2,6-2,6-9; Woyne Ferriera
def, Abdes Berthe,6-3,6-4, 6-2; Pieter Norval
and Ferriera def, Berthe and Berthe,7-6 (7-5),
d-3,-6-1; Erreira def, 6-4, 6-3; Ch-4,-6-1; Ch-4,-6-1 6-3, 6-1; Ferreiro del. P. Berthe, 6-4, 6-3; On

Remania & Maracca 1: Dinu Pescariu, Romopla. del Historia Armi. 6-1.7-5. 6-1: Younest Fil Hit det, El Aynopul and Manuffer Francisis Fa (7-5),6-1,7-5; Pascorty det, El Aynopul,6-4,6-4,7-6 (7-5); Sahou Hef, Ridaoul, 6-8, 4-4, 6-2

TRANSACTIONS

BASEBALL

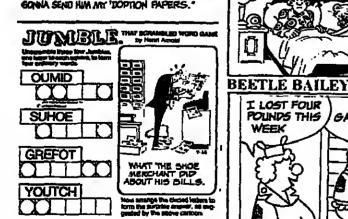
FLORIOA—Wolved Gree Briley, outfieldFLORIOA—Wolved Gree Briley, outfieldFlorioa—Recommendational release.
SAH DIEGO—Activated Westy Whitehursz.
pilcher, from 15-day disabled list.
FOOTBALL
Noticeal Football Leases

Noticeal Football Leave-L. A. RAMS-Waived Richard Buchanan, wide receiver. Activated Courtney Griffin, cornerback from profile sound. PHILADELPHIA-Waived Roger Ruzek, kicker. Activated Ran Hallstram, aftersive

Ineman, PHOENIX—Staned Robert Massey, car-

SAN JOSE—Apreso to terms with Andrei Nazarav, formand, an 3-year contract plus op-lian year. Sent Shoon Donovan, right wing, to OHLI Lee J. Lestie, left wing, and Dody Wood, center, to Kansas City, INL Designated Mork Bedufalt. Center, for assistances. erris bitcher, to 1-tion for 1995.





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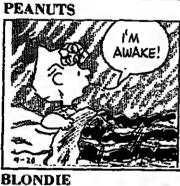
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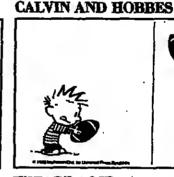




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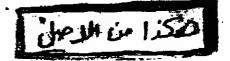






GARFIELD







SPORTS Ming Fold With Swift's 20th Victory, Giants Still Dog Braves

Billy Swift became the Giants' second 20-game winner and Barry Bonds hit his fourth home run in three games as San Francisco beat the visiting San Diego Padres, 5-2, to stay 142 games behind Atlanta in the National League West.

The victory Sunday was the lifth straight and ninth in 10 games for

NL ROUNDUP

the Giants, who trail the Braves by a game in the loss column.

The Braves beat Philadelphia on Sunday, but were idle Monday. San Francisco was to play San Diego

With Swift and John Burkett, San Francisco became the first team to have two 20-game winners since the 1990 Oakland Athletics, who accomplished the feat with Bob Welch and Dave Stewart.

"Swift was doing it today," said he Giants' manager, Dusty Baker. To have two 20-game winners on team is wonderful. I've got to commend those guys for working vard all year.

Swift allowed three hits in eight mings, retiring the last 12 batters e faced. He struck out two and alked one.

The game didn't start auspi-susly for the right-hander, who the first batter. One out later. · lly Bean doubled to score Jarvis own, ending Swift's 19-inning prejess streak

But in the fourth, Bonds put the ants up 2-1 with his league-lead-. 44th home run after starter ing Brocail walked Matt Wil-

the home runs," said the Padres manager, Jim Riggleman "Brocail did a good job, but he bung the one pitch to Bonds. And let's face it, we

Bonds, slumping along with the rest of the Giants in early September, has come back to drive in 12 runs in his last 10 games.
"Barry is the MVP of the league

just couldn't handle Swift."

hands down," Baker said. "There are guys having good years like Gant and Dykstra, but none have the impact Barry has."

Darren Lewis led off the fifth with a single, went to second on Paul Faries's bunt single, stole third and scored on Will Clark's sacrifice fly. Bonds drove in another run in the venth after reliever Frank Seminara walked three batters to load the bases with two outs. They scored

their fifth run in the eighth on Mark Carreon's pinch-hit RBI double. Brocail lasted 4% innings, allowing three runs on nine hits. He walked one and struck out one.

Rockies 12, Reds 7: Andres Galarraga hit a two-run homer and Eric Young a pair of solo shots, and Colorado, in its final home game, extended itsmajor-league atten-dance record to 4,483,350. Sunday's crowd was 70,069.

Galarraga went 3-for-5 against Cincinnati to raise his average to 379 and appears virtually certain to win the NL batting title.

Astros 5, Dodgers 4: In Los Angeles, Mike Piazza had three RBIs to become the first NL rookie in 40 years to drive in 100 runs, but it third inning with six runs.

nearly knocked him off his feet, and Bonds drove the 1-2 pitch into the right-field seats.

That's what they do — they hit That's what they do — they hit RBIs since Pedro Guerrero in 1983.

Pirates 1, Cubs 0: Tim Wakefield pitched a five-hitter for his first victory as a starter since April 27 as Pittsburgh beat visiting Chicago to

Wakefield had not won a start since he pitched into the 11th in-ning to beat Atlanta. Mike Morgan gave up only Al Martin's RBI single in the first imning.

■ In earlier games, reported in some Monday editions:

Braves 7, Phillies 2: Jeff Blauser's two-run single started a four-run seventh inning to snap a tie and Atlanta went on to win in Philadelphia, its 100th victory.

Despite the loss, the Phillies' mag-ic number for clinching the NL East title was reduced to three as secondplace Montreal lost at New York. Steve Avery pitched six innings for Atlanta, allowing four hits and two runs as the Braves improved to 27-7 this season when he starts.

With the score 2-2, pinch-hitter Deion Sanders opened the seventh with a walk and advanced to second on a wild pitch by Curt Schilling. Otis Nixon then heat out a bunt, with Sanders taking third. Nixon stole second without a throw and Blauser hit a 3-2 pitch for a tie-

Cardinals 10, Marlins 7: Bernard Gilkey bit a home run and drove in three runs and Stan Royer added three RBIs as St. Louis won in Miami. The Cardinals chased rook-

Royals 9, Angels 8: Maybe some-

one should tell George Brett life begins at 40. On the day after he

announced his retirement, Brett

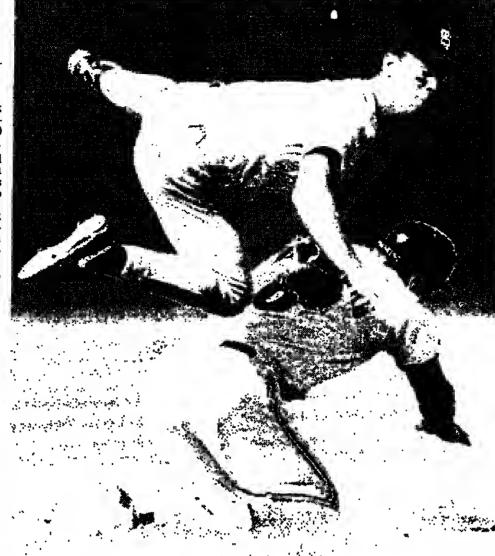
had his biggest game in five years,

homering twice and driving in five

runs, including a game-winning homer in the 10th off California's

Brett doubled in a run in the first

Paul Swingle in Kansas City.



The Giants' Kirt Manwaring failed to prevent the Padres' Luis Lopez from turning the double play.

Mike Scott and Rube Waddell.

Steve Ontiveros walked Henry

Mercedes on a 3-2 pitch with two

outs and the bases loaded in the

12th. John Briscoe got the last two outs of the 11th and Dennis Eck-ersley finished for his 36th save.

some Monday editions:

■ In earlier games reported in

Twins 5. Red Sox 2: Mike

Trombley (6-5) allowed one run

World Soccer **Bans Marseille** From 2 Cups

Computed by Our Stuff From Depatches

ZURICH — Olympique Marseille. Of stripping Marseille of its European title, the first ever won by a seille, barred from defending its

French team. Johansson said there European Champions' Cup title this season, was banned on Monday from playing for soccer's latercontinental Cup and Super Cup.

Lennart Johansson, the president of soccer's European govern-ing body, UEFA, said AC Milan would take the place of Marseille in the Intercontinental Cup against the South American champion, São Paulo, and in the Super Cup against Italy's AC Parma, the Eu-

ropean Cup Winners' Cup holder. The sanctions were announced after a meeting between the leaders of FIFA, soccer's world governing body, and UEFA.

Marseille's owner, Bernard Tapie, was defiant about the ruling, which marked a low in his team's fall from soccer supremacy.

"We will have our revenge," he told French radio. "We will not die." "It's a never ending story," he added. "No more league title, no more French Cup, no more European Cup, and now no more Super Cup and Intercontinental Cup. All that is a lot on the basis of accusations which still have not been

Tapic called the ban "unfair," but said that he would not quit. "I feel like shouting because it's unfair." be said, "but I will not disappear just because a handful of

crooks are trying to do us down."
FIFA's general-secretary, Joseph
Blatter, said Marseille's former general manager and three players at the center of match-rigging allegations would be banned from soccer activity internationally.

He said that the ruling was based on the decision last week by the French soccer federation to strip Marseille of its 1993 national championship title; bar the club's former general manager, Jean-Pierre Bernes, indefinitely, and suspend the three players pending the outcome of the French judicial investigation into the affair.

who hit 38 bomers in the minors, "We have to protect soccer," had three hits, raising his average to Blatter said. "We have to maintain order, respect and discipline in an organization which groups 178 na-tional associations and more than John Jaha homered twice for the Brewers, who got two runs and four 200 million players." hits in two-thirds of an inning off

FIFA and UEFA stopped short against Metz.

had been no discussion about extending the European ban on Marseille beyond the current season.

"In the present situation I see no reason to do so," he said. "The investigation in France is not yet finalized so we have to see what comes out of it." The decision deprived France of

continental Cup and Super Cup_ title. Milan won the prestigious In-tercontinental Cup in 1969, 1989 and 1990. It won the Super Cup in Marseille had hoped to play both; competitions to earn about 50 mil-

its first chance at both the Inter-

lion francs (\$8.7 million) to make up for revenue lost because of the Champions Cup ban.
The president of the French league, Noël Le Gract, said Mon-.

day that Tapie should quit.
"I think he should step down."
he said on French radio. "He wants." to go, you can feel it. Marseille is a superb showcase which dramatical-

ly lacks money and sponsors." Milan's coach, Fabio Capello, said he was pleased that his teamwould be competing in the cups. But the former Marseille star, Jean-Pierre Papin, who now plays for Milan, said: "I don't think it's right that Marseille cannot play these two finals. If they have been allowed to retain the title, they should also be able to enjoy the

consequent rights." Milan lost, 1-0, to Marseille in, the Champions' Cup final on May 26. The French league match around which the bribery allega-tions revolve was played six daysearlier between Marseille and Valenciennes. Bernès has been ac-

cused of paying or trying to pay Valenciennes players up to 200,000 francs to go easy on Marseille.

Two players from Valencienness.

Christophe Robert and Jorge Burge ruchaga, were sanctioned in the case for allegedly receiving money A Marseille player, Jean-Jacques Eydelie, was the alleged middle

man and also was banned. Marseille faces possible further sanctions in France for crowd violence at a Friday night match; (AP; Remors).

Drioles See Their Pennant Hopes Swept Away by the Tigers

By David Nakamura

Washington Post Service BALTIMORE — The Baltimore ioles spent 25 weeks chasing first ice. They'll begin their final week lying for second.

In their first doubleheader of the son, the Orioles were swept by Detroit Tigers, 9-4 and 6-5, and

AL ROUNDUP

-re eliminated from the pennant -ce in the American League East. 1e first-place Toronto Blue Jays ed one victory or a New York inkees loss to clinch the division. Today was an important day r us, and we just didn't play ell," said the Orioles' manager. hnny Oates. This was one of ose days when I'm glad we have

... The Orioles (82-73) fell into third ace in the AL East. They are eight imes behind the Blue Jays (90-65) ith seven games remaining. The ankers (84-72) moved into sec-_ nd place Sunday, beating the Blue

rys, 7-3.

"It's tough to lose a pennant shot ny way you do it," said catcher hris Hoiles. "But to do it in a onblebeader when you could nake up ground on Toronto—and o get beat two games like this in ur own park - that's tough to

IDELINES

The Orioles, who were forced to over 'til they clinch," said Franco. 16th of his career, It was his first son, Sandy Koufax, Mickey Lolich, since Aug. 14, and Rick Aguilera play the doubleheader when Satur- "We're not going to quit." 16th of his career, It was his first son, Sandy Koufax, Mickey Lolich, since Aug. 14, and Rick Aguilera five-RBI game since May 22, 1988. Sam McDowell, J. R. Richard, pitched the ninth in Boston for his day's game against the Tigers was

rained out, looked sluggish. The team's final out of the day came when Cal Ripken flied ont to right field and Mark McLemore who had been running on the play — was doubled up at first base.

"I'm going to play to win until the end," Oates said. "If we are climinated, I'm going to play for second place."

"When you leave spring training, and hit a three-run homer in the you always want to win the whole fourth. It was the second two-thing," he added. "When you're homer game this season and the homer than the season and the s adjust your sights. I don't like readjusting my sights, but you have to

Sept. 12, 1½ games behind Toron-to, but a 3-6 road trip buried its hopes. The Orioles came home Thursday in third place, 51/2 out. ■ In other games, The Associated

as visiting Texas prevented Chicago from winning the AL West title

Texas 5-3 in the opener. "It's not

fourth. It was the second two- er to do it are Vida Blue, Steve and five hits in six imings for his homer game this season and the Carlton, Bob Feller, Walter John- first victory as a Minnesota starter Baltimore was in second place at 12 116 pages behind Toyon. Is McEnroe Too Testy to Lead U.S. Team?

Brett, who leads the Royals with 73

RBIs, has four home runs in his last

Attletics 3, Mariners 2: Randy Johnson struck out 13 in 10 innings to become the 12th pitcher to strike out 300 in a season, but Oakland

completed a three-game sweep in

first pitcher to top 300 since Nolan

Ryan fanned 301 in 1989. The oth-

Johnson, at 301 strikeouts, is the

five games and 19 this season,

By Robin Finn New York Times Service

CHARLOTTE, North Carolina - First his Press reported:

Rangers 3, White Sox 2: With the score tied 1-1 in the eighth inning of the second game of a dou
Then the U.S. Tennis Association's presi-

bleheader, Julio Franco hit an RBI dent, Bumpy Frazer, declined to comment on double off Alex Fernandez and the possible identity of next year's U.S. Davis scored on Dean Palmer's grounder. Cup captain. Will it be led by the Pied Piper of top players, John McEnroe, or will the associa-tion save further face and select a less controoutright. versial candidate for a job traditionally held by Chicago clinched a tie by beating men who don't throw public temper tantrums?

Already attached to one loose cannon in Andre Agassi, who is not only the USTA's leading man on the courts but also its leading critic, Frazer has been wary of adding McEnroe The captain, who will replace the departing

Tom Gorman, will be selected in the next two weeks from a talent pool that includes McEn-roe and Brad Gilbert as well as two USTA coaching stalwarts, Stan Smith and Tom Gullikson, who has never played Davis Cup.
"There is no black and white in this thing."

Compiled by Our Staff From Dispatches

SEOUL — Thousands of angry bettors, convinced that a horse race had been rigged.

and second regardless of order.

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Frazer said Sunday, "but I honestly believe that having played Davis Cup is a factor."

Agence France-Presse reported. The amount of the fine was not disclosed.

What is not a factor, insisted Frazer, is McEnroe's tendency to soub the association, a habit most lately on display in his challenge to the Davis Cup committee to go ahead and hire him for the captaincy if they want to find out if he is

sufficiently "grown up" to handle it. "It's not in any way going to stop anyone from being selected, the fact that at some times they've been critical of the USTA," Frazer said. Agassi, along with slightly less vociferous ech-oes from Pete Sampras, Jim Courier and Michael

Chang, has clamored for McEnroe's candidacy. "I've heard the phrase about letting the in-mates run the asylum applied to the issue of John and the captaincy, but that's not what's going on here," said Frazer. "I absolutely will take the players' opinions into consideration. But in the end. I'm going to do what's in the best interests of the team.

■ ITF Fines Agassi for Match Snub The International Tennis Federation fined Agassi on Sunday for refusing to play his reverse singles match against the Bahamas.

Seoul Bettors Riot After Horse Is Disqualified

Witnesses said some protesters broke into

.526 (10-for-19).

pitched the ninth in Boston for his

Indians 6, Brewers 4: Sam Horn

homered in the sixth and singled

home the tie-breaking run during a three-run rally against Milwaukee

in the seventh in Cleveland, Horn,

33d save.

Agassi refused to play when his scheduled opponent, Mark Knowles, withdrew because of bealth problems. Knowles had been forced to retire because of severe cramps on Friday while

be was leading his opening singles match against MaliVai Washington. The United States had already taken an unbeatable 3-0 lead with victories in Friday's two singles and Saturday's doubles. On Sunday, Richey Reneberg replaced Agassi and beat the Bahamian alternate, John Farrington, 6-1, 6-4. The victory means the United States will remain in the World Group in 1994.

■ Wilander Linked to Swedish Job

Mats Wilander may replace John-Anders Sjogren as Sweden's Davis Cup captain, the Svenska Dagbladet reported Monday, according to The Associated Press.

Sjogren was considering leaving the job fol-lowing Sweden's 0-5 loss to Germany in the Cup semifinals. Before becoming head of the Davis Cup team in 1989, Sjogren coached Wi-lander, 29.

injury, according to the trainer Mack Miller.

The Associated Press reported.

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Herald Eribune.

√aldo Sets Record as World No. 1

LONDON (AFP) — Nick Faldo of Britain is the world's No. 1 golfer or a record 63d consecutive week, according to computer rankings

Heased on Monday.

He surpassed the record of 62 weeks set by Greg Norman of Australia rom September 1986 to November 1987. Faldo has been the top-ranked olfer since his British Open victory in July 1992.

WBC Confirms Lewis-Bruno Referee

TOKYO (Reuters) - Mickey Vann, who was involved in a scoring ontroversy two weeks ago, has been confirmed as referee for Saturday's World Boxing Council beavyweight title bout between Lennox Lewis and Frank Bruno in Cardiff, Wales, despite the objections of the Bruno camp.

officials said on Monday.

Bruno's manager, Micky Duff, had objected to the appointment of Bruno's manager, Micky Duff, had objected to the appointment of warm after the British official was accused of improperly scoring the wBC welterweight title light between the holder Pernell Whitaker of the Juited States and Julio Cesar Chavez, his Mexican challenger, earlier this

nonth in Texas.

Vann, a judge at that fight, which ended in a controversial majority

Vann, a judge at that fight, which ended in a controversial majority fraw, denied a charge that he deducted a point from Whitaker for a low slow. The WBC president, José Sulaiman, said in Tokyo on Monday that the council had faith in Vann.

Van Basten's Return Date Uncertain

MILAN (AP) — The timing of Marco Van Basten's comeback with the Italian soccer champion AC Milan remained uncertain Monday, as doctors could not authorize resumption of full-time training for the long-

ailing Dutch international striker. ailing Dutch international striker.

Club officials said that the Belgian doctor who operated on Van Basten's right ankle in June would examine him by mid-October before allowing him to step up his preparation to return. In an interview with the allowing him to step up his preparation to return. In an interview with the allowing him to step up his preparation to return. In an interview with the allowing him to step up his preparation. Among the player, said Van Basten was recovering, but slowly, and examined the player, said Van Basten was recovering but slowly.

The 28-year-old Dutch centerforward, a three-time European player of the weekend in Pellen.

the year, underwent medical examinations over the weekend in Pellenberg, Belgium, but no medical bulletin was released. Van Basten, sidelined since June, was originally expected to return to action in December. Swiss Yacht Leads Whitbread Race

SOUTHAMPTON, England (AFP) — Switzerland's Merit Cup kept up its explosive pace in the Whitbread Round the World yacht race on

The leaders, with New Zealand Endeavour eight kilometers (five miles) the seaders, with New Zealand endeavour eight amonicies (live mais) behind in second place and the Japanese challenger Tokio in third, played a cat-and-mouse game as they tried to steal an early advantage. Each boat constantly switched sails within sight of each other after 48 hours at sea.

For the Record

Byun Jung II of South Korea regained the World Boxing Council bantamweight title when Joichiro Tatsuyoshi of Japan gave up his provisional title on Monday because of an eye injury. He was to have met Byun in Osaka, Japan, on Nov. 25 in a mandatory title fight, but his detached retina was discovered in early September.

(AP)

Paolo Caldarella, 29, a key member of Italy's 1992 Olympic champion water polo team, died on Monday after his motorcycle was involved in a collision with a truck in Sicily, Italian television reported. (Reuters)

a building smashing windows and setting fire to chairs. Others fought race officials and burned their betting stubs. A small calcium deposit was discovered just above the colt's knee joint after Sea went on a three-hour rampage at the Kwa-The protesters dispersed after hundreds of riot police arrived. Thirty people were injured. A police spokesman said four protesters were arrested and were being questioned. Hero's third-place finish last week in Woodchon race course, the police said on Monday. bine's Molson Export Million. Miller said. The protest erupted after the jockey fell off "He came out of the race fine," Miller said the horse Kwebi, which had been a favorite. Without a rider, the horse finished second, but over the weekend from the Rokeby Stable barn at Belmont Park. "But we're not going to run him any more this year. We will have We are also going to summon race offiofficials disqualified it for having no jockey. cials to investigate whether the race was rigged," he said. (Reuters, AP) News reports said about 80 percent of the 2 him here for the spring.

billion won (\$2.5 million) bet on the race had ■ Derby Winner Out for the Year been put on the horse under a system in which bettors pick two horses to finish first

Sea Hero, the Kentucky Derby winner, will not race again this year because of a knee

Sea Hero also won the Travers at Saratoga, and would have figured as a major contender in this year's Breeders' Cup Classic.

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of his doing, and it has everyone in the capital biting their nails.

address the nation his TelePromp-Ter came up speech. If he hadn't been able to wing it for 10 minutes the country could have been in even more serious Irouhie than

Il is now. Here's what Buchwald happened: The TelePrompTer works on a computer that has a hard disk and a floppy disk that store information. The floppy contained the health mes-sage — the hard disk had the president's State of the Union speech. Someone, and the search continues to find that someone, pushed the wrong builon.

The president started to talk and realized right away that the speech on the screen was not the one he was supposed to be giving. He in-formed Al Gore who left his seat to tell the White House staff that they would really need emergency health insurance if they didn't fix the problem pronto.

What worries this town is that even with all its fail-safe procedures there is a possibility that someone could push the hard disk huiton instead of the floppy and start World War III.

Suppose, for example, that Clin-

'John' Goes Out of Style

LONDON - John, the most popular first name for Britain's newborn boys for 250 years, is out of favor, The Guinness Book of Names said that between 1700 and 1950 John was always one of the two most popular names chosen by parents of boys. But this year John is 40th on the list of most popular names, Daniel and Matthew are the

WASHINGTON — In Wash-ington President Clinton's re-Roosevelt's "Day of lofamy" speech about Japan's attack on Pearl Harbor started rolling on the the best he has ever given. But there prompter. What if the president was one small glitch, which was not didn't realize that it was different from the speech he intended to give on day-care centers? How could be As the president got ready to stop the U.S. Air Force from bombing Tokyo before the mistake

was discovered? Here is another "worst case" scenario: The president is ready to address the conotry on the grave situation in Moscow and realfirm his support for Boris Yeltsin. The hard disk brings up Lyndon Johnsoo's famous talk supporting Lady Bird's wildflower beautification

The possibilities are fraught with danger - the most frightening is that somebow Chevy Chase's monologue could get substituted for the president's warning to Saddam Hussein on arms' violations.

In discussing some of the coosequences with friends, the question arose as to how different presidents would react if they discovered the incorrect speech on the prompter

The group decided that if Ronald Reagan found himself with the wrong text on his screen he would give il snyway and no one, including him, would know the difference and he would get a standing ovalioo.

Gerry Ford would immediately realize what was going on and start telling Bob Hope golf jokes. Richard Nixon would read the

first paragraph and then keep repeaulog. "I am not a crook." If it happened to George Bush be would pull Barbara Bush out on stage and hug her.

Jimmy Carter would just put on a frozen smile and not say any-

While Washington quakes with fear. White House sleuths are trying to find the inept hutton pusher. No government punishment exists for someooe who screws up the presideot's TelePrompTer. But the hard-liners in the White House say that if they find him they will trade him to Ross Perot for a running back and two draft choices.

Garfunkel, at 50, Sings His Own Song

By William Grimes New York Times Service

TEW YORK — Since Paul Simon and Art Garfunkel went their separate ways in 1970, an entire generation has grown up and gone through college, total strangers to a time that found dark solace and spiritual nourishment in songs like "The Sound of Silence" and "Bridge Over Troubled Water.'

They do not know those special latenight moments, usually thick with marijuana smoke and illuminated by lava lamp and black light, when Garfunkel's sweet, haunting tenor bung in the air like an inspired afterthought. Impassioned, romantic, innocent, it was the voice of the late '60s for the young middle-class with poetic leanings.

The melody lingers on. People stop Garfunkel on the street and corner him at social events to explain in full detail exactly what his music meant to them. Garfunkel says this is fine by him.

"They're trying to say something —
'You touched me more deeply than you realize." said Garfunkel. "It was the language of thinking college people at that time, and they're saying that my singing got to them a little."

Certainly the Paramount theater has had little trouble selling tickets for a retrospective concert chronicling the career of Simon, with the first third of the program sel aside for a Simon and Garfunkel reunion, always a potent draw. Originally, a series of 10 shows was planned, but 11 more shows had to be added, with the top ticket priced at \$100.

All told, more than 100,000 people will see the show. The haby boomers among them will no doubt experience a pang when Garfunkel disappears after the first act. Their younger brothers and sisters, and in some cases their teenage children, will wonder, so what happened to the tall guy with the hlond hair?

Well, there have been good times and bad times, times when the air crackled with anger and jealousy between the two men, and moments of sweet reconciliation.

Two years ago, the relationship hit a new low when Simon took the stage in Central Park without Garfunkel, a pointed gesture, since the two had performed in the park a decade earlier before half a million people. Garfunkel did not disguise the hurt. "I'm not good enough to be invited." he said before leaving town. Now is one of the good times. Last year. Simon and Garfunkel gave two benefit

shows on Broadway that received rapturous

les. "It was wonderful, musical and sweet," said Garfunkel. "The blend was there." The good feelings from the Los Angeles show, as Garfunkel describes it, will carry right through to the Paramount, and be-

reviews. The pair followed up with a somewhat longer show for charity in Los Ange-

yond, since he and Simon, beginning in November, will take the Simon and Garfunkel part of the concert on the road to Canada, Japan and Singapore. In a different mood, Garfunkel might

have had a few words to say about the format of the concert, subtly titled "The Concert Event of a Lifetime." After all, it is emphatically a Paul Simon concert, with two of its three acts devoted to Simon's solo career and his work with groups like Ladysmith Black Mambazo, the Mighty Clouds of Joy and Rhythm of the Saints. In other words, not Art.

But Garfunkel is feeling generous. Sitting behind a polished desk in the midtown Manhattan offices of his publicists, he looks surprisingly unchanged at 50, a little thicker around the middle but retaining the puff of blond hair, which sticks out around a Philadelphia Phillies cap, and the choirboy aura.

"I love working with Paul aconstically,"
he said, "that's the key to the whole thing.
I really believe io Simon and Gariunkel as an acoustic act, and f have a lot of appetite

Simon, for his part, has made it abundantly clear in interviews that, regardless of his personal affection for Garfunkel, they oow pursue different destinies, and no Simoo and Garfunkel album is in the cards.

The freeze-out may not bother Garfunkel as much as it has in the past. The concert comes at a time when Garfunkel. after a quiescent period, has projects on the table. He is a co-star in Jennifer Lynch's new film. "Boxing Helena." He has just finished his eighth solo album, for Sony Records, "Up Til Now." which is due out next month.

For the last year he has been touring in the United States and Europe. He and his second wife, Kim Cermak, an actress and singer, are about to celebrate their fifth anniversary, and they have a 2-year-old son.

The long-running (since sixth grade) Simon and Garfunkel act came to an end in 1970 in an atmosphere of emotional tur-moil, with plenty of blame to go around. Garfunkel contributed his share of difficulties by constantly leaving recording sessions for "Bridge Over Troubled Water" to make his actiog debut in "Catch-22," Initially, the two seemed to be headed off

ACROSS

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Now it's good times in Garfunkel's up-and-down relationship with Paul Simon.

to equally distinctive careers. Garfunkel received respectful reviews as Captain Nately in "Catch-22" and as Jack Nicholson's friend Sandy in "Carnal Knowledge," both produced and directed by Mike Nichols. who had commissioned Simon and Garfunkel to write the soundtrack for the 1967 film

The Graduate. lo 1973 he released his first solo album, "Angel Clare," a romantic, introspective collection that set off his voice to advantage. A couple of singles, "Second Avenue" and "All I Need," did well on the charts. and "Watermark," his 1977 album of songs by Jimmy Webb, won critical praise for its perfect marriage of voice and material. But then time seemed to stop, Simon's career took off in sometimes exotic new

directions, as he teamed up with African and Brazilian musicians. Garfunkel seemed to be stuck. Some critics had worried that the lush, fervid music of his first few albums was a little syrupy and one-dimensional, "Fate for Breakfast," "Scissors Cut" and "Lefty" they panned outright.
The acting career stalled, "I only got

involved because Mike Nichols thought 1 could act, something I'd never thought of," said Garfunkel. As Simon's star ascended, Garfunkel in-

creasingly seemed like the forgotten half of

the partnership, on call and always ready for the occasional reunion concert, burt when the iovitations didn't come.

But now Garfunkel seems like a man who has arrived in a different and better place. He says be has finally learned to enjoy standing alone on a stage and that be looks forward to touring next year.

The relationship with Simon seems less like a source of pain and more like a shared joke, less like Liz and Dick, more like Hope and Crosby.

"There are ambivalent feelings that will never be resolved," Garfunkel said. "It's a bore to go into it any more than that. We definitely eariched each other's lives. That's important."

So is the voice. Garfunkel is clear on that, For the most part, the new album presents his singing in a chaste setting, alone with Jimmy Webb's piano on a remake of "All I Need," or with James Taylor and a single guitar on "Crying in the Rain." It's as though Garfunkel had discovered an easy answer to some complicated problems.

"It's odd in a way that I ended up in show business," he said. "I'm a private, contemplative, philosophical kind of guy. I can sing to please, and people say that I please. I believe in that."

PEOPLE

Madonna's Shock Value Still High in Germany

Has Madonna reached the limit of the shock factor? That's what some London newspapers are saying after she opened her Girlie Show world tour over the weekend in London. Reports say the new show is raunchy as usual but less brash than some in the past. But one man's raunchy is another man's obscene.
Norbert Geis, a spokesman for
Chancelor Helmut Kohl's party in parliament, said Madonna's perforparisment, sau materials performances had gone far beyond the bounds of good taste and suggested that Frankfurt officials adopt an age limit of 16 or 18 years for those who want to see Madonna on Saturday. Reaction from the Frankfurt organizers? "Geis should concern himself with more important matters.

Prince Charles made Clint Fastwood's day when he presented Eastwood a fellowship of the British Film Institute in recognition of his success as an actor and a director. The actress Maureen O'Hara and Sir Denis Forman, a former director of the British Film Institute, also received fellowships.

The supermodel Naomi Campbell has signed on with the Ford agency after her loud split with the Elite modeling agency that made her famous. Elite's founder. Johnny Cashlancas, was furious, calling Campbell "a spoiled selfish brat who is a mercenary and always goes to the best offer." Ford, which has represented Campbell in Eu-rope, said she made the switch "to J fulfill her goals of expanding her career beyond modeling."

John Denver will perform at a fund-raiser in Aspen, Colorado, as a penalty for driving while his ability was impaired by alcohol. "He is was impaned by account. The is choosing to sing only because of his graciousness and generosity. Ellen Anderson, a Pitkin County deputy sheriff, said. A judge ordered him to perform 24 hours of public service. In other moving violations, the actor Daniel Day-Lewis was banned.

from driving for a week in Cullompton, England, for speeding on his new motorbike. INTERNATIONAL

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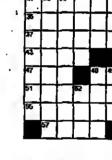
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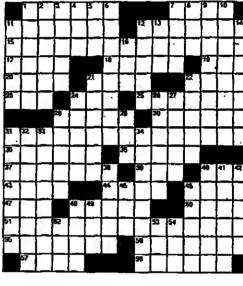


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